

**TOWN OF SUNSET, LOUISIANA**

Financial Report

Year Ended June 30, 2022

TABLE OF CONTENTS

	Page
Independent Auditor's Report	1-4
<b>BASIC FINANCIAL STATEMENTS</b>	
<b>GOVERNMENT-WIDE FINANCIAL STATEMENTS (GWFS)</b>	
Statement of net position	7
Statement of activities	8
<b>FUND FINANCIAL STATEMENTS (FFS)</b>	
Major fund descriptions	10
Balance sheet - governmental funds	11
Reconciliation of the governmental funds balance sheet to the statement of net position	12
Statement of revenues, expenditures, and changes in fund balances - governmental funds	13
Reconciliation of the statement of revenues, expenditures, and changes in fund balances of governmental funds to the statement of activities	14
Statement of net position - proprietary fund	15
Statement of revenues, expenses, and change in fund net position - proprietary fund	16
Statement of cash flows - proprietary fund	17-18
Notes to basic financial statements	19-45
<b>REQUIRED SUPPLEMENTARY INFORMATION</b>	
General Fund - budgetary comparison schedule	47
Sales Tax Special Revenue Fund - budgetary comparison schedule	48
Schedule of employer's share of net pension liability	49
Schedule of employer pension contributions	50
Notes to the required supplementary information	51-52
<b>OTHER SUPPLEMENTARY INFORMATION</b>	
Statement of net position - compared to prior year totals	54
General and Special Revenue Funds - comparative balance sheet	55
Budgetary comparison schedules (with comparative prior year amounts)	
General Fund - budgetary comparison schedule - revenues	56
General Fund - budgetary comparison schedule - expenditures	57-58
Sales Tax Special Revenue Fund	59
Debt Service Fund	60
Schedule of number of utility customers	61
Schedule of insurance in force	62
Comparative statement of net position - Utility Fund	63
Comparative departmental statement of revenues and expenses - Utility Fund	64-65
Judicial System Funding Schedule - Collecting/Disbursing Entity	66
<b>INTERNAL CONTROL, COMPLIANCE, AND OTHER MATTERS</b>	
Independent Auditor's Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	68-69
Summary schedule of current and prior year audit findings and management's corrective action plan	70-74

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## INDEPENDENT AUDITOR'S REPORT

The Honorable Charles James, Mayor  
and Members of the Board of Aldermen  
Town of Sunset, Louisiana

### Report on the Audit of the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Town of Sunset, Louisiana (Town), as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise the Town's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Town as of June 30, 2022, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

### *Basis for Opinions*

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Town and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

### *Responsibilities of Management for the Financial Statements*

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Town's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

### ***Auditor's Responsibilities for the Audit of the Financial Statements***

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgement made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Town's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Town's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

### ***Required Supplementary Information***

Accounting principles generally accepted in the United States of America require that the budgetary comparison schedules, schedule of employer's share of net pension liability, and schedule of employer contributions on pages 47 - 52 be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide an assurance.

The Town has omitted management's discussion and analysis that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. Our opinion on the basic financial statements is not affected by this omitted information.

### ***Supplementary Information***

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Town's basic financial statements. The accompanying comparative statements and judicial system funding schedule included in other supplementary information are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the comparative statements and judicial system funding schedule are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

The prior year comparative information on the comparative statements has been derived from the Town's 2021 financial statements, which were subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, were fairly presented in all material respects in relation to the basic financial statements from which they were derived.

### ***Other Information***

Management is responsible for the other information included in the annual report. The other information comprises the various other schedules included in other supplementary information but does not include the basic financial statements and our auditor's report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

**Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have issued our report dated December 27, 2022, on our consideration of the Town's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Town's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Town's internal control over financial reporting and compliance.

***Kolder, Slaven & Company, LLC***  
Certified Public Accountants

Lafayette, Louisiana  
December 27, 2022

## **BASIC FINANCIAL STATEMENTS**

**GOVERNMENT-WIDE  
FINANCIAL STATEMENTS (GWFS)**



TOWN OF SUNSET, LOUISIANA

Statement of Net Position  
June 30, 2022

	Governmental Activities	Business-Type Activities	Total
ASSETS			
Cash and interest-bearing deposits	\$ 1,528,389	\$ 627,496	\$ 2,155,885
Receivables, net	97,981	113,259	211,240
Internal balances	264,034	(264,034)	-
Due from other governmental units	4,555	-	4,555
Restricted assets:			
Cash and interest-bearing deposits	-	315,405	315,405
Capital assets, net	<u>1,053,242</u>	<u>2,046,612</u>	<u>3,099,854</u>
Total assets	<u>2,948,201</u>	<u>2,838,738</u>	<u>5,786,939</u>
DEFERRED OUTFLOWS OF RESOURCES			
Deferred outflows related to pensions	<u>80,524</u>	<u>10,601</u>	<u>91,125</u>
LIABILITIES			
Current liabilities:			
Accounts, salaries and other payables	90,894	28,749	119,643
Customers deposits payable	-	143,604	143,604
Long-term liabilities:			
Due within one year	27,357	48,475	75,832
Due in more than one year	66,157	384,271	450,428
Net pension liability	<u>260,164</u>	<u>18,277</u>	<u>278,441</u>
Total liabilities	<u>444,572</u>	<u>623,376</u>	<u>1,067,948</u>
DEFERRED INFLOWS OF RESOURCES			
Deferred inflows related to pensions	<u>149,503</u>	<u>9,896</u>	<u>159,399</u>
NET POSITION			
Net investment in capital assets	1,053,242	2,857,549	3,910,791
Restricted for sales tax dedications	765,704	-	765,704
Restricted for debt service	1,381	80,818	82,199
Unrestricted	<u>614,323</u>	<u>(722,300)</u>	<u>(107,977)</u>
Total net position	<u>\$ 2,434,650</u>	<u>\$ 2,216,067</u>	<u>\$ 4,650,717</u>

The accompanying notes are an integral part of the basic financial statements.

TOWN OF SUNSET, LOUISIANA

Statement of Activities  
For the Year Ended June 30, 2022

Activities	Expenses	Program Revenues			Net (Expense) Revenues and Changes in Net Position		
		Fees, Fines, and Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-Type Activities	Total
Governmental activities:							
General government	\$ 646,956	\$ 223,964	\$ -	\$ -	\$ (422,992)	\$ -	\$ (422,992)
Public safety:							
Police	687,266	357,505	-	-	(329,761)	-	(329,761)
Fire	168,722	-	17,154	-	(151,568)	-	17,154
Streets	189,622	-	-	-	(189,622)	-	(189,622)
Interest on long-term debt	4,303	-	-	-	(4,303)	-	(4,303)
Total governmental activities	<u>1,696,869</u>	<u>581,469</u>	<u>17,154</u>	<u>-</u>	<u>(1,098,246)</u>	<u>-</u>	<u>(1,098,246)</u>
Business-type activities:							
Gas	301,138	393,072	-	-	-	91,934	91,934
Water	431,971	470,317	-	-	-	38,346	38,346
Sewer	309,836	273,551	-	-	-	(36,285)	(36,285)
Interest on long-term debt	12,038	-	-	-	-	(12,038)	(12,038)
Total business-type activities	<u>1,054,983</u>	<u>1,136,940</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>81,957</u>	<u>81,957</u>
Total	<u>\$ 2,751,852</u>	<u>\$ 1,718,409</u>	<u>\$ 17,154</u>	<u>\$ -</u>	<u>(1,098,246)</u>	<u>81,957</u>	<u>(1,016,289)</u>
General revenues:							
Taxes -							
Property taxes, levied for general purposes					152,464	-	152,464
Sales and use taxes, levied for general purposes					1,136,642	-	1,136,642
Franchise taxes					169,633	-	169,633
Grants and contributions not restricted to specific programs -							
Federal and state sources					608,085	-	608,085
Non-employer pension contribution					8,424	490	8,914
Interest and investment earnings					423	49	472
Miscellaneous					62,851	-	62,851
Transfers					(180,583)	180,583	-
Total general revenues and transfers					<u>1,957,939</u>	<u>181,122</u>	<u>2,139,061</u>
Change in net position					859,693	263,079	1,122,772
Net position - beginning					1,574,957	1,952,988	3,527,945
Net position - ending					<u>\$ 2,434,650</u>	<u>\$ 2,216,067</u>	<u>\$ 4,650,717</u>

The accompanying notes are an integral part of the basic financial statements.

**FUND FINANCIAL STATEMENTS (FFS)**

## **FUND DESCRIPTIONS**

### **MAJOR FUNDS**

#### **General Fund**

The General Fund is used to account for resources traditionally associated with governments which are not required to be accounted for in another fund.

#### **Special Revenue Fund**

Special revenue funds are used to account for specific revenues that are legally restricted to expenditures for particular purposes.

#### **Sales Tax Fund -**

To account for the receipt and use of proceeds of the Town's two 1% sales and use taxes. These taxes are dedicated for the purpose of constructing and purchasing municipal, fire and police department facilities and furnishings and equipment; opening, construction, and improving drains, drainage canals, and subsurface drainage; constructing, acquiring, or improving any work of public permanent improvements, and purchasing and acquiring all equipment and furnishings for public works, buildings, improvements, and facilities of the Town of Sunset.

#### **Enterprise Fund**

#### **Utility Fund -**

To account for the provision of gas, water, sewerage and limited sanitation services to residents of the Town. All activities necessary to provide such services are accounted for in this fund, including, but not limited to, administration, operations, maintenance, financing and related debt service, and billing and collection.

TOWN OF SUNSET, LOUISIANA

Balance Sheet  
Governmental Funds  
June 30, 2022

	General	Sales Tax Special Revenue	Other Governmental	Total
<b>ASSETS</b>				
Cash and interest-bearing deposits	\$ 962,936	\$ 333,416	\$ 232,037	\$ 1,528,389
Receivables:				
Taxes	44,779	-	-	44,779
Due from other governmental units	4,555	-	-	4,555
Due from other funds	479,143	242,266	17,570	738,979
Other	53,202	-	-	53,202
Total assets	<u>\$1,544,615</u>	<u>\$ 575,682</u>	<u>\$ 249,607</u>	<u>\$ 2,369,904</u>
<b>LIABILITIES AND FUND BALANCES</b>				
Liabilities:				
Accounts and other payables	\$ 90,894	\$ -	\$ -	\$ 90,894
Due to other funds	416,741	10,222	47,982	474,945
Total liabilities	<u>507,635</u>	<u>10,222</u>	<u>47,982</u>	<u>565,839</u>
Fund balances:				
Restricted for sales tax dedications	-	565,460	200,244	765,704
Restricted for debt service	-	-	1,381	1,381
Unassigned	1,036,980	-	-	1,036,980
Total fund balances	<u>1,036,980</u>	<u>565,460</u>	<u>201,625</u>	<u>1,804,065</u>
Total liabilities and fund balances	<u>\$1,544,615</u>	<u>\$ 575,682</u>	<u>\$ 249,607</u>	<u>\$ 2,369,904</u>

The accompanying notes are an integral part of the basic financial statements.

TOWN OF SUNSET, LOUISIANA

Reconciliation of the Governmental Funds Balance Sheet  
to the Statement of Net Position  
June 30, 2022

Total fund balances for governmental funds at June 30, 2022		\$ 1,804,065
Total net position reported for governmental activities in the statement of net position is different because:		
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds. Those assets consist of:		
Land	\$ 258,190	
Buildings and improvements, net of \$1,010,020 accumulated depreciation	687,831	
Machinery and equipment, net of \$1,027,658 accumulated depreciation	12,778	
Vehicles, net of \$229,539 accumulated depreciation	<u>94,443</u>	1,053,242
Deferred outflows of resources are not available resources, and therefore, are not reported in the funds:		
Pension plans		80,524
Some liabilities are not due and payable from current financial resources and are, therefore, not reported in the funds. These liabilities consist of the following:		
Capital lease payable	(2,173)	
Loans payable	(7,341)	
Revenue bonds payable	(84,000)	
Net pension liability	<u>(260,164)</u>	(353,678)
Deferred inflows of resources are not payable from current expendable resources, and therefore, are not reported in the funds:		
Pension plans		<u>(149,503)</u>
Total net position of governmental activities at June 30, 2022		<u>\$2,434,650</u>

The accompanying notes are an integral part of the basic financial statements.

TOWN OF SUNSET, LOUISIANA

Statement of Revenues, Expenditures, and Changes in Fund Balances-  
Governmental Funds  
For the Year Ended June 30, 2022

	General	Sales Tax Special Revenue	Other Governmental	Total
Revenues:				
Taxes	\$ 322,097	\$ 934,383	\$202,259	\$ 1,458,739
Licenses and permits	223,964	-	-	223,964
Intergovernmental	625,239	-	-	625,239
Fines and forfeits	357,505	-	-	357,505
Miscellaneous	62,968	306	-	63,274
Total revenues	1,591,773	934,689	202,259	2,728,721
Expenditures:				
Current -				
General government	647,058	9,364	2,034	658,456
Public safety -				
Police	669,060	-	-	669,060
Fire	164,177	-	-	164,177
Streets	195,706	-	-	195,706
Debt service -				
Principal	7,978	-	18,000	25,978
Interest and fiscal charges	864	-	4,214	5,078
Capital outlay	88,820	-	-	88,820
Total expenditures	1,773,663	9,364	24,248	1,807,275
Excess (deficiency) of revenues over expenditures	(181,890)	925,325	178,011	921,446
Other financing sources (uses):				
Transfers in (out)	673,872	(865,404)	10,949	(180,583)
Net changes in fund balances	491,982	59,921	188,960	740,863
Fund balances, beginning	544,998	505,539	12,665	1,063,202
Fund balances, ending	\$ 1,036,980	\$ 565,460	\$201,625	\$ 1,804,065

The accompanying notes are an integral part of the basic financial statements.

TOWN OF SUNSET, LOUISIANA

Reconciliation of the Statement of Revenues, Expenditures, and  
Changes in Fund Balances of Governmental Funds  
to the Statement of Activities  
For the Year Ended June 30, 2022

Total net changes in fund balances for the year ended June 30, 2022 per the statement of revenues, expenditures and changes in fund balances		\$ 740,863
The change in net position reported for governmental activities in the statement of activities is different because:		
<p>Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense.</p>		
Capital outlay which are considered expenditures on the statement of revenues, expenditures and changes in fund balances	\$ 88,820	
Depreciation expense for the year ended June 30, 2022	<u>(98,385)</u>	(9,565)
<p>The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. Also governmental funds report the effect of premiums, discounts, and similar items when debt is first issued, whereas these amounts are amortized in the statement of activities over multiple periods.</p>		
Repayment of long-term debt		25,977
<p>Some long-term liabilities are not recognized at the fund level because they do not represent a claim on current financial resources. Expenses at the government-wide level are recognized when these liabilities are incurred, while expenditures are recognized at the fund level when cash payments are made. The amounts below represent the difference between the expenses incurred at the government-wide level and the current financial resources expended at the fund level.</p>		
Net pension liability	101,642	
Accrued interest	<u>776</u>	<u>102,418</u>
Total changes in net position for the year ended June 30, 2022 per the statement of activities		<u>\$ 859,693</u>

The accompanying notes are an integral part of the basic financial statements.



TOWN OF SUNSET, LOUISIANA

Statement of Net Position  
 Proprietary Fund  
 June 30, 2022

	<u>Enterprise Fund</u>
<b>ASSETS</b>	
Current assets:	
Cash and interest-bearing deposits	\$ 627,496
Accounts receivable, net	<u>113,259</u>
Total current assets	<u>740,755</u>
Noncurrent assets:	
Restricted assets -	
Cash and interest-bearing deposits	315,405
Capital assets, net of accumulated depreciation	<u>2,046,612</u>
Total noncurrent assets	<u>2,362,017</u>
Total assets	<u>3,102,772</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>	
Deferred outflows related to pensions	<u>10,601</u>
<b>LIABILITIES</b>	
Current liabilities:	
Accounts payable	28,149
Accrued liabilities	600
Due to other funds	264,034
Capital lease	29,475
Payable from restricted assets -	
Customer deposits payable	143,604
Bonds payable	<u>19,000</u>
Total current liabilities	<u>484,862</u>
Noncurrent liabilities:	
Bonds payable	351,000
Capital lease	33,271
Net pension liability	<u>18,277</u>
Total noncurrent liabilities	<u>402,548</u>
Total liabilities	<u>887,410</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>	
Deferred inflows related to pensions	<u>9,896</u>
<b>NET POSITION</b>	
Net investment in capital assets	2,857,549
Restricted for debt service	80,818
Unrestricted	<u>(722,300)</u>
Total net position	<u>\$2,216,067</u>

The accompanying notes are an integral part of the basic financial statements.

TOWN OF SUNSET, LOUISIANA

Statement of Revenues, Expenses, and Changes in Fund Net Position -  
 Proprietary Fund  
 For the Year Ended June 30, 2022

	<u>Enterprise Fund</u>
Operating revenues:	
Charges for services -	
Gas charges	\$ 371,455
Water charges	415,529
Sewer service charges	254,808
Miscellaneous	<u>95,148</u>
Total operating revenues	<u>1,136,940</u>
Operating expenses:	
Gas department	301,138
Water department	431,971
Sewer department	<u>309,836</u>
Total operating expenses	<u>1,042,945</u>
Operating income	<u>93,995</u>
Nonoperating revenues (expenses):	
Interest income	49
Non-employer pension contribution	490
Interest expense	<u>(12,038)</u>
Total nonoperating revenues (expenses)	<u>(11,499)</u>
Loss before contributions and transfers	82,496
Transfers in	<u>180,583</u>
Change in net position	<u>263,079</u>
Net position, beginning	<u>1,952,988</u>
Net position, ending	<u>\$2,216,067</u>

The accompanying notes are an integral part of the basic financial statements.

TOWN OF SUNSET, LOUISIANA

Statement of Cash Flows  
 Proprietary Fund  
 For the Year Ended June 30, 2022

	<u>Enterprise Fund</u>
Cash flows from operating activities:	
Receipts from customers	\$ 1,099,401
Payments to suppliers	(672,481)
Payments to employees	<u>(241,800)</u>
Net cash provided by operating activities	<u>185,120</u>
Cash flows from noncapital financing activities:	
Cash received by other funds	169,798
Net increase in customer meter deposits	<u>2,804</u>
Net cash provided by noncapital financing activities	<u>172,602</u>
Cash flows from capital and related financing activities:	
Principal paid in bonds payable	(19,000)
Proceeds from capital lease	62,746
Interest paid on loan	(12,038)
Net acquisition of property, plant and equipment	<u>(148,818)</u>
Net cash used in capital and related financing activities	<u>(117,110)</u>
Cash flows from investing activities:	
Net purchase of interest-bearing time deposits	(46)
Interest earned	<u>49</u>
Net cash provided by investing activities	<u>3</u>
Net increase in cash and cash equivalents	240,615
Cash and cash equivalents, beginning of period	<u>674,808</u>
Cash and cash equivalents, end of period	<u>\$ 915,423</u>

(continued)

TOWN OF SUNSET, LOUISIANA

Statement of Cash Flows  
 Proprietary Fund (Continued)  
 For the Year Ended June 30, 2022

	<u>Enterprise Fund</u>
Reconciliation of operating income to net cash provided by operating activities:	
Operating income	\$ 93,995
Adjustments to reconcile operating income to net cash provided by operating activities:	
Depreciation	150,373
Pension expense	(14,059)
Changes in current assets and liabilities:	
Increase in accounts receivable	(37,539)
Increase in accounts payable	(7,850)
Decrease in accrued liabilities	200
Net cash provided by operating activities	<u>\$ 185,120</u>
Reconciliation of cash and cash equivalents per the statement of cash flows to the statement of net position:	
Cash and cash equivalents, beginning of period -	
Cash and interest-bearing deposits - unrestricted	\$ 464,814
Cash and interest-bearing deposits - restricted	237,426
Less: interest-bearing deposits with maturity in excess of 90 days	<u>(27,432)</u>
Total cash and cash equivalents	<u>674,808</u>
Cash and cash equivalents, end of period -	
Cash and interest-bearing deposits - unrestricted	627,496
Cash and interest-bearing deposits - restricted	315,405
Less: interest-bearing deposits with maturity in excess of 90 days	<u>(27,478)</u>
Total cash and cash equivalents	<u>915,423</u>
Net increase in cash and cash equivalents	<u>\$ 240,615</u>

The accompanying notes are an integral part of the basic financial statements.

## TOWN OF SUNSET, LOUISIANA

### Notes to Basic Financial Statements

#### (1) Summary of Significant Accounting Policies

The accompanying financial statements of the Town of Sunset, Louisiana (Town) have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as applied to governmental units. GAAP includes all relevant Governmental Accounting Standards Board (GASB) pronouncements. The accounting and reporting framework and the more significant accounting policies are discussed in subsequent subsections of this note.

##### A. Financial Reporting Entity

The Town of Sunset, Louisiana was incorporated in 1909 under the provisions of the Lawrason act. The Town operates under the Mayor-Board of Aldermen form of government.

As the municipal governing authority, for reporting purposes, the Town of Sunset, Louisiana is considered a separate financial reporting entity. The financial reporting entity consists of (a) the primary government (municipality), (b) organizations for which the primary government is financially accountable, (c) other organizations for which the nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete, and (d) organizations that are closely related to, or financially integrated with the primary government.

Section 2100 of the 2011 Governmental Accounting Standards Board (GASB) *Codification of Governmental Accounting and Financial Reporting Standards*, "Defining the Financial Reporting Entity" establishes criteria for determining which entities should be considered a component unit and, as such, part of the reporting entity for financial reporting purposes. The basic criteria are as follows:

1. Legal status of the potential component unit including the right to incur its own debt, levy its own taxes and charges, expropriate property in its own name, sue and be sued, and the right to buy, sell and lease property in its own name.
2. Whether the primary government's government authority (Mayor and Council) appoints a majority of board members of the potential component unit and is able to impose its will on the potential component unit or whether the potential component unit is fiscally dependent on the primary government.
3. Financial benefit/burden relationship between the primary government and the potential component unit.
4. The nature and significance of the relationship between the potential component unit with the primary government are such that exclusion would cause the reporting entity's financial statements to be misleading.

## TOWN OF SUNSET, LOUISIANA

### Notes to Basic Financial Statements (Continued)

The Town of Sunset, Louisiana is a primary government and has no component units. The accompanying financial statements present information only on the funds maintained by the Town and do not present information on any other governmental unit.

#### B. Basis of Presentation

##### Government-Wide Financial Statements (GWFS)

The government-wide financial statements provide operational accountability information for the Town as an economic unit. The government-wide financial statements report the Town's ability to maintain service levels and continue to meet its obligations as they come due. The statements include all governmental activities and all business-type activities of the primary government. The Town has no fiduciary funds.

The statement of activities presents a comparison between direct expenses and program revenues for each function of the Town's governmental and business-type activities. Direct expenses are those that are specifically associated with a program or function and therefore are clearly identifiable to a particular function. Program revenues include (a) fees and charges paid by the recipients of goods or services offered by the programs, and (b) grants and contributions that are restricted to meeting the operational or capital requirements or a particular program. Revenues that are not classified as program revenues, including all taxes, are presented as general revenues.

##### Fund Financial Statements

The accounts of the Town are organized on the basis of funds, each of which is considered to be an independent fiscal and accounting entity. The operations of each fund are accounted for within separate sets of self-balancing accounts, which comprise its assets, deferred outflows of resources, liabilities, deferred inflows of resources, fund balance/net position, revenues, and expenditures/expenses, and transfers. The minimum number of funds is maintained consistent with legal and managerial requirements. Fund financial statements report detailed information about the Town. The various funds of the Town are classified into two categories: governmental and proprietary. The emphasis on fund financial statements is on major funds, each displayed in a separate column.

Major funds are determined as funds whose revenues, expenditures/expenses, assets and deferred outflows of resources or liabilities and deferred inflows of resources are at least ten percent of the corresponding totals for all funds of that category or type (total governmental or enterprise funds) and at least five percent of the corresponding total for all governmental and enterprise funds combined or funds designated as major at the discretion of the Town. The General Fund is always a major fund. Funds not classified as a major fund are aggregated and presented in a single column in the fund financial statements. The Town uses the following funds, grouped by fund type.

## TOWN OF SUNSET, LOUISIANA

### Notes to Basic Financial Statements (Continued)

#### Governmental Funds -

Governmental Funds are those through which most governmental functions of the Town are financed. The acquisition, use, and balance of the Town's expendable financial resources and the related liabilities (except those accounted for in proprietary funds) are accounted for through governmental funds.

#### General Fund

The General Fund is the general operating fund of the Town. It is used to account for all financial resources except those required to be accounted for in another fund.

#### Special Revenue Funds

Special Revenue Funds are used to account for the proceeds of government grants or other specific revenue sources that are restricted or committed to expenditures for specified purposes other than debt service or capital projects of the Town. The following is the Town's major Special Revenue Fund:

The Sales Tax Special Revenue Fund is used to account for the proceeds of two one percent sales and use taxes that are legally restricted to expenditures for specific purposes.

#### Debt Service Funds

Debt Service Funds are used to account for and report resources that are restricted, committed, or assigned to expenditures for principal and interest. The Town has no major debt service funds.

Governmental fund financial statements include a balance sheet and a statement of revenues, expenditures, and changes in fund balances for all major governmental funds and nonmajor funds aggregated. A reconciliation is presented to summarize the differences in fund balances of the governmental fund financial statements and the net position of the governmental activities in the government-wide financial statements.

#### Proprietary Funds –

Proprietary funds are used to account for the Town's ongoing operations and activities which are similar to those often found in the private sector where the intent is that costs of providing goods and services be recovered through user charges. The proprietary fund maintained by the Town is an enterprise fund.

## TOWN OF SUNSET, LOUISIANA

### Notes to Basic Financial Statements (Continued)

#### Enterprise Funds

Enterprise funds are proprietary funds that are used to report activities for which a fee is charged to external users. These funds account for operations (a) that are financed and operated in a manner similar to private business enterprises - where the intent of the governing body is that the costs (expenses, including depreciation) of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges; or (b) where the governing body has decided that periodic determination of revenues earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability, or other purposes. The Town's enterprise fund is the Utility Fund.

Enterprise fund financial statements include a statement of net position, a statement of revenues, expenses and changes in fund net position, and a statement of cash flows. The enterprise fund financial information is presented under the business-type activities column.

#### C. Measurement Focus, Basis of Accounting and Financial Statement Presentation

The measurement focus determines the accounting and financial reporting treatment applied to a fund. The governmental and business-type activities within the government-wide statement of net position and statement of activities are presented using the economic resources measurement focus. The economic resources measurement focus meets the accounting objectives of determining net income, net position, and cash flows.

The fund financial statements use either the current financial resources measurement focus, or the economic resources measurement focus as appropriate. Governmental funds use the current financial resources measurement focus. The measurement focus is based upon the receipt and disbursement of current available financial resources rather than upon net income. The measurement focus of the proprietary fund types, the flow of economic resources, is based upon determination of net income, net position and cash flows.

The accrual basis of accounting is used throughout the government-wide statements; conversely, the financial statements of the governmental funds have been prepared in accordance with the modified accrual basis of accounting, whereby revenues are recognized when considered both measurable and available to finance expenditures of the current period. For this purpose, the Town considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. An exception to this is grant revenue collected on a reimbursement basis. Those reimbursable grants are recognized as revenue when reimbursable expenditures are made. The Town considers reimbursement amounts received within one year as available. The Town accrues intergovernmental revenue, ad valorem and sales tax revenue, franchise fees, charges for services, and investment income based upon this concept. Expenditures generally are recognized when the related fund liabilities are incurred and become payable in the current period. Proceeds of debt are reported as



## TOWN OF SUNSET, LOUISIANA

### Notes to Basic Financial Statements (Continued)

other financing sources, and principal and interest on long-term debt, as well as expenditures related to compensated absences and claims and judgments, are recorded as expenditures when paid.

Those reimbursable grants are recognized as revenue when reimbursable expenditures are made. The Town considers reimbursement amounts received within one year as available. The Town accrues intergovernmental revenue, ad valorem and sales tax revenue, franchise fees, charges for services, and investment income based upon this concept. Expenditures generally are recognized when the related fund liabilities are incurred and become payable in the current period. Proceeds of debt are reported as other financing sources, and principal and interest on long-term debt, as well as expenditures related to compensated absences and claims and judgments, are recorded as expenditures when paid.

Interest on invested funds is recognized when earned. Intergovernmental revenues that are reimbursement for specific purposes or projects are recognized in the period in which the expenditures are recorded. All other revenue items are considered to be measurable and available only when cash is received by the Town. Transfers between governmental funds are recorded when the related liability is incurred. These transfers do not represent revenues (expenditures) to the Town and are, therefore, reported as other financing sources (uses) in the governmental fund financial statements.

Since the fund level statements are presented using a different measurement focus and basis of accounting than the government-wide statements, a reconciliation is presented on the page following each fund level statement that summarizes the adjustments necessary to convert the fund level statements into the government-wide presentations. As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements.

The financial statements of the enterprise funds have been prepared in accordance with the accrual basis of accounting. Accordingly, revenues are recorded when earned, and expenses and related liabilities are recorded when incurred.

#### D. Assets, Deferred Outflows, Liabilities, Deferred Inflows and Equity

##### Cash, interest-bearing deposits, and investments

For purposes of the statement of net position, cash and interest-bearing deposits include all cash on hand, demand accounts, savings accounts, and certificates of deposits of the Town. Under state law, the Town may deposit funds within a fiscal agent bank organized under the laws of the state of Louisiana, the laws of any other state in the union, or the laws of the United States of America. The Town may invest in certificates and time deposits of state banks organized under Louisiana laws and national banks having principal offices in Louisiana.

For the purpose of the proprietary funds statement of cash flows, "cash and cash equivalents" include all demand and savings accounts, and certificates of deposit or short-term investments with an original maturity of three months or less when purchased.

## TOWN OF SUNSET, LOUISIANA

### Notes to Basic Financial Statements (Continued)

#### Receivables

Receivables consist of all revenues earned at year-end and not yet received. Major receivable balances for the governmental activities include ad valorem taxes and franchise taxes. Business-type activities report customers' utility service receivables as their major receivables. Uncollectible ad valorem taxes or utility service receivables are recognized as bad debts at the time information becomes available which would indicate the uncollectibility of the particular receivable. The allowance for customers' utility receivables was \$19,913 at June 30, 2022. Unbilled utility service receivables resulting from utility services rendered between the date of meter reading and billing and the end of the month, are recorded at year-end.

#### Interfund receivables and payables

During the course of operations, numerous transactions occur between individual funds that may result in amounts owed between funds. Those related to goods and services type transactions are classified as "due to and from other funds." Short-term interfund loans are reported as "interfund receivables and payables." Long-term interfund loans are reported as "advances to and from other funds." Interfund receivables and payables, advances to and from other funds, as well as due to and from other funds are eliminated in the statement of net position.

#### Restricted Assets

Restricted assets include cash and interest-bearing deposits of the proprietary fund that are legally restricted as to their use. The restricted assets are related to the utility meter deposits and revenue bond accounts.

#### Capital Assets

Capital assets, which include property, plant, equipment, and infrastructure assets, are reported in the applicable governmental or business-type activities columns in the government-wide or fund financial statements. Capital assets are capitalized at historical cost or estimated cost if historical cost is not available. Donated assets are recorded as capital assets at acquisition value at the date of donation. The Town maintains a threshold level of \$1,000 or more for capitalizing capital assets.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized. Prior to July 1, 2001, governmental funds' infrastructure assets were not capitalized. These assets have been valued at estimated historical cost.

TOWN OF SUNSET, LOUISIANA

Notes to Basic Financial Statements (Continued)

Depreciation of all exhaustible capital assets is recorded as an allocated expense in the statement of activities, with accumulated depreciation reflected in the statement of net position. Depreciation is provided over the assets' estimated useful lives using the straight-line method of depreciation. The range of estimated useful lives by type of asset is as follows:

Buildings and improvements	5 - 20 years
Machinery and equipment	3 - 15 years
Vehicles	5 - 10 years
Utility system and extensions	5 - 30 years

In the fund financial statements, capital assets used in governmental fund operations are accounted for as capital outlay expenditures of the governmental funds upon acquisition. Capital assets used in proprietary fund operations are accounted for in the same manner as in the government-wide statements.

Long-term debt

The accounting treatment of long-term debt depends on whether the assets acquired or constructed with the proceeds of the debt are used in governmental fund operations or proprietary fund operations and whether they are reported in the government-wide or fund financial statements.

All long-term debt to be repaid from governmental and business-type resources is reported as liabilities in the government-wide statements. The long-term debt consists primarily of the revenue bonds payable, note payable, capital lease payable, note payable, and utility meter deposits payable.

Long-term debt for governmental funds is not reported as liabilities in the fund financial statements. The debt proceeds are reported as other financing sources and payment of principal and interest reported as expenditures. The accounting for proprietary fund long-term debt is the same in the fund statements as it is in the government-wide statements.

Pensions

The net pension liability, deferred outflows of resources, and deferred inflows of resources related to pensions, and pension expense (See Note 12), have been determined using the flow of economic resources measurement focus and full accrual basis of accounting. Member's earnable compensation, for which the employer allocations are based, is recognized in the period in which the employee is compensated for services performed. For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the plans, and additions to/deductions from the plans' fiduciary net position have been determined on the same basis as they are reported by the plans. For this purposes, benefit payments (including refunds of employee contributions) are recognized when

## TOWN OF SUNSET, LOUISIANA

### Notes to Basic Financial Statements (Continued)

due and payable in accordance with the benefit terms. Non-employer contributions are recognized as revenue in the government-wide financial statements. In the governmental fund financial statements contributions are recognized as expenditures when made.

#### Deferred Outflows of Resources and Deferred Inflows of Resources

In addition to assets, the statement of net position will sometimes report a separate section for deferred outflows of resources. This separate section represents a consumption of net position that applies to a future period and so will not be recognized as an outflow of resources (expense/expenditure) until then. The Town has one item that qualifies for reporting in this category, the deferred outflow of resources attributable to its pension plans.

In addition to liabilities, the statement of net position will sometimes report a separate section for deferred inflows of resources. This separate section represents an acquisition of net position that applies to a future period and so will not be recognized as an inflow of resources (revenue) until that time. The Town has one item that qualify for reporting in this category, the deferred inflow of resources attributable to its pension.

#### Equity Classifications

In the government-wide statements, equity is classified as net position and displayed in three components:

- a. Net investment in capital assets consists of capital assets net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.
- b. Restricted net position consists of net position with constraints placed on the use either by external groups, such as creditors, grantors, and contributors, or laws or regulations of other governments; or law through constitutional provisions or enabling legislation. At June 30, 2022, the Town reported \$847,903 of restricted net position, \$765,704 of which was restricted by enabling legislation. It is the Town's policy to use restricted net position prior to the use of unrestricted net position when both restricted and unrestricted net position are available for an expense which has been incurred.
- c. Unrestricted net position consists of all other assets, deferred outflows of resources, liabilities, and deferred inflows of resources that do not meet the definition of "restricted" or "net investment in capital assets."

## TOWN OF SUNSET, LOUISIANA

### Notes to Basic Financial Statements (Continued)

In the fund statements, governmental fund equity is classified as fund balance. Fund balances for governmental funds are reported in classifications that comprise a hierarchy based primarily upon the extent to which the Town is bound to honor constraints on the specific purposes for which amounts in those funds can be spent. The categories and their purposes are:

- a. Nonspendable includes fund balance amounts that cannot be spent either because they are not in spendable form or because of legal or contractual constraints requiring they remain intact.
- b. Restricted includes fund balance amounts that are constrained for specific purposes which are externally imposed by providers, such as creditors, grantors, donors, or amounts constrained due to constitutional provisions or enabling legislation or the laws or regulations of other governments.
- c. Committed includes fund balance amounts that can be used only for specific purposes that are internally imposed by the Town through formal legislative action of the Mayor and Board of Aldermen and does not lapse at year end. A committed fund balance constraint can only be established, modified, or rescinded by passage of an Ordinance (Law) by the Mayor and Board of Aldermen.
- d. Assigned includes fund balance amounts that are constrained by the Town's intent to be used for specific purposes, that are neither restricted nor committed. The assignment of fund balance is authorized by a directive from the Town Clerk and approval of a Resolution by the Mayor and Board of Aldermen.
- e. Unassigned includes fund balance amounts which have not been classified within the above-mentioned categories.

It is the Town's policy to use restricted amounts first when both restricted and unrestricted fund balance is available unless prohibited by legal or contractual provisions. Additionally, the Town uses committed, assigned, and lastly unassigned amounts of fund balance in that order when expenditures are made.

Proprietary fund equity is classified the same as in the government-wide statements.

## TOWN OF SUNSET, LOUISIANA

### Notes to Basic Financial Statements (Continued)

#### E. Revenues, Expenditures, and Expenses

##### Revenues

The Town considers revenue to be susceptible to accrual in the governmental funds as it becomes measurable and available, as defined under the modified accrual basis of accounting. The Town generally defines the availability period for revenue recognition as received within sixty (60) days of year end. The Town's major revenues sources that meet this availability criterion are intergovernmental revenues, franchise fees, tax revenue, and charges for services.

There are three classifications of programmatic revenues for the Town, program specific grant and contributions revenue (operating and capital) and charges for services. Grant revenues are revenues from federal, state, and private grants. These revenues are recognized when all applicable eligibility requirements are met and are reported as intergovernmental revenues. Charges for services are revenues derived directly from the program itself or from parties outside the Town's taxpayers or citizenry, as a whole. Program revenues reduce the cost of the function to be financed from the Town's general revenues. The primary sources of program revenues are fees, fines, and charges paid by recipients of goods and services, grants and contributions that are restricted to meeting the operational or capital requirements of a particular program, and earned income in connection with the operation of the Town's utility system.

Interest income is recorded as earned in the fund holding the interest-bearing asset.

Substantially all other revenues are recorded when received.

##### Operating Revenues and Expenses

In the proprietary funds, operating revenues are those revenues produced as a result of providing services and producing and delivering goods and/or services. Nonoperating revenues are funds primarily provided by investing activities, such as financial institution interest income, gains on disposal of assets, and insurance recoveries on property loss. Operating expense are those expenses related to the production of revenue. Nonoperating expenses are those expenses not directly related to the production of revenue and include items such as interest expense and losses on disposal of assets.

##### Expenditures/Expenses

In the government-wide financial statements, expenses are classified by function for both governmental and business-type activities. In the fund financial statements, expenditures are classified as follows:

Governmental Funds - By Character  
Proprietary Fund - By Operating and Nonoperating

TOWN OF SUNSET, LOUISIANA

Notes to Basic Financial Statements (Continued)

In the fund financial statements, governmental funds report expenditures of financial resources. Proprietary funds report expenses relating to use of economic resources.

Interfund Transfers

Permanent reallocations of resources between funds of the reporting entity are classified as interfund transfers. For the purposes of the statement of activities, all interfund transfers between individual governmental funds have been eliminated.

F. Revenue Restrictions

The Town has various restrictions placed over certain revenue sources from state or local requirements. The primary restricted revenue sources include:

<u>Revenue Source</u>	<u>Legal Restrictions of Use</u>
Sales tax	See Note 3
Gas, water, and sewer revenue	Utility operations

G. Compensated Absences

Town employees are entitled to certain compensated absences based upon their length of service. Vacation and sick leave must be used in the year accrued and cannot be carried over to future years. Full-time employees are eligible to receive 10 days of sick leave per fiscal year. Employees who resign or retire, or who are dismissed from employment, are not paid for any accrued sick leave and all such leave is cancelled on the date of separation.

H. Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

I. Reclassifications

Certain amounts in the 2021 financial statements have been reclassified to conform with the 2022 presentation.

TOWN OF SUNSET, LOUISIANA

Notes to Basic Financial Statements (Continued)

(2) Subsequent Event

On December 16, 2022, the Town issued \$2,327,000 Taxable Utility Revenue bonds, Series 2022A, and \$689,000 Taxable Utility Revenue Bonds, Series 2022B for the purpose of paying costs of constructing and acquiring improvements and replacements to the drinking water component of the combined utility system of the Town. These bonds are due in annual installments ranging from \$75,000 to \$110,000 through October 2051 at an interest rate of 1.95%.

(3) Ad Valorem Taxes

Ad valorem taxes attach as an enforceable lien on property as of January 1 of each year. Taxes are levied by the Town in September or October and are actually billed to taxpayers in December. Billed taxes become delinquent on January 1 of the following year. The Town bills and collects its own property taxes. Property tax revenues are recognized when levied to the extent that they result in current receivables.

For the year ended June 30, 2022, taxes of 5.74 mills were levied on property with assessed valuations totaling \$27,322,440 and were dedicated for general corporate purposes. Total taxes levied were \$156,831. Taxes receivable at June 30, 2022 of \$5,135 is reported net of an allowance for uncollectible accounts totaling \$2,568.

(4) Sales and Use Tax

Proceeds of the two 1% sales and use taxes (accounted for in the Sales Tax Fund – a special revenue fund) levied by the Town (2022 collections \$934,383) are dedicated for the following purposes in the following order: Constructing and purchasing municipal, fire and police department facilities, furnishing and equipment; opening, construction, and improving drains, drainage canals, and subsurface drainage; constructing, acquiring, or improving any work of public permanent improvements, and purchasing and acquiring all equipment and furnishings for public works, buildings, improvements, and facilities of the Town.

Proceeds of the 2% sales and use taxes (accounted for in the Sunset Economic Development District Fund – a special revenue fund) levied by the Town (2022 collections \$200,244) are dedicated for specific purposes. These taxes are deposited into a special trust fund named the “Sunset Economic Development District No. 1 Trust Fund” the purpose of which is to fund economic development projects, as defined in LA RS 33:9038.34(M) and LA RS 33:9038.36, located within the District, and also to pay the costs of infrastructure improvements outside the District that benefit property in the District.



TOWN OF SUNSET, LOUISIANA

Notes to Basic Financial Statements (Continued)

(5) Cash, Interest-Bearing Deposits

Under state law, the Town may deposit funds within a fiscal agent bank organized under the laws of the State of Louisiana, the laws of any other state in the Union, or the laws of the United States. The Town may invest in direct obligations of the United States government, bonds, debentures, notes or other evidence of indebtedness issued or guaranteed by federal agencies and/or the United States government, and time certificates of deposit of state banks organized under Louisiana law and national banks having principal offices in Louisiana. At June 30, 2022, the Town had cash and interest-bearing deposits (book balances) totaling \$2,471,290 as follows

Non interest-bearing deposits	\$ 1,668,504
Interest-bearing deposits	767,333
Time deposits	<u>35,453</u>
Total	<u>\$ 2,471,290</u>

Custodial credit risk for deposits is the risk that in the event of the failure of a depository financial institution, the Town's deposits may not be recovered or the collateral securities that are in the possession of an outside party will not be recovered. These deposits are stated at cost, which approximates fair value. Under state law, deposits (or the resulting bank balances) must be secured by federal deposit insurance, or the pledge of securities owned by the fiscal agent bank. The market value of the pledged securities plus the federal deposit insurance must at all times equal the amount on deposit with the fiscal agent bank. These securities are held in the name of the pledging fiscal agent bank in a holding or custodial bank that is mutually acceptable to both parties. Deposit balances (bank balances) at June 30, 2022, are secured as follows:

Bank balances	<u>\$1,603,068</u>
Federal deposit insurance	500,000
Pledged securities	<u>1,103,068</u>
Total insured and secured bank balances	<u>\$1,603,068</u>

Deposits in the amount of \$1,103,068 were exposed to custodial credit risk. These deposits are uninsured and collateralized with securities held by the pledging institution's trust department or agent, but not in the Town's name. The Town does not have a policy for custodial credit risk.

TOWN OF SUNSET, LOUISIANA

Notes to Basic Financial Statements (Continued)

(6) Receivables

Receivables at June 30, 2022 consist of the following:

	Governmental Activities	Business-type Activities	Total
Accounts	\$ -	\$ 84,768	\$ 84,768
Unbilled utility	-	28,491	28,491
Ad valorem taxes	2,567	-	2,567
Franchise taxes	42,212	-	42,212
Other	<u>53,202</u>	<u>-</u>	<u>53,202</u>
Totals	<u>\$ 97,981</u>	<u>\$ 113,259</u>	<u>\$ 211,240</u>

(7) Due from Other Governmental Units

Amounts due from other governmental units at June 30, 2022 consist of the following:

Governmental Activities:

State of Louisiana - beer tax revenues receivable	\$ 1,277
State of Louisiana - racino revenue receivable	<u>3,278</u>
Total	<u>\$ 4,555</u>

(8) Restricted Assets

Restricted assets at June 30, 2022 consist of the following:

Customers' deposits	\$ 143,048
Bond sinking fund	48,647
Bond reserve fund	32,171
Depreciation and contingency fund	<u>91,539</u>
Total restricted assets	<u>\$ 315,405</u>

TOWN OF SUNSET, LOUISIANA

Notes to Basic Financial Statements (Continued)

(9) Capital Assets

Capital asset activity for the year ended June 30, 2022 is as follows:

	Beginning Balance	Additions	Deletions	Ending Balance
Governmental activities:				
Capital assets not being depreciated:				
Land	\$ 258,190	\$ -	\$ -	\$ 258,190
Other capital assets:				
Buildings and improvements	1,697,851	-	-	1,697,851
Machinery and equipment	1,040,436	-	-	1,040,436
Vehicles	235,162	88,820	-	323,982
Totals	<u>3,231,639</u>	<u>88,820</u>	<u>-</u>	<u>3,320,459</u>
Less accumulated depreciation				
Buildings and improvements	945,023	64,997	-	1,010,020
Machinery and equipment	1,015,852	11,806	-	1,027,658
Vehicles	207,957	21,582	-	229,539
Total accumulated depreciation	<u>2,168,832</u>	<u>98,385</u>	<u>-</u>	<u>2,267,217</u>
Governmental activities, capital assets, net	<u>\$1,062,807</u>	<u>\$ (9,565)</u>	<u>\$ -</u>	<u>\$1,053,242</u>

Depreciation expense was charged to governmental activities as follows:

General government	\$ 62,434
Police	30,882
Fire	4,545
Streets	<u>524</u>
Total depreciation expense	<u>\$ 98,385</u>

TOWN OF SUNSET, LOUISIANA

Notes to Basic Financial Statements (Continued)

	Beginning Balance	Additions	Deletions	Ending Balance
Business-type activities:				
Capital assets not being depreciated:				
Land	\$ 75,210	\$ 60,055	\$ -	\$ 135,265
Other capital assets:				
Utility system and extensions	7,644,839	-	-	7,644,839
Machinery and equipment	57,971	88,763	-	146,734
Vehicles	36,589	-	-	36,589
Totals	<u>7,814,609</u>	<u>148,818</u>	<u>-</u>	<u>7,963,427</u>
Less accumulated depreciation				
Utility system and extensions	5,685,631	139,865	-	5,825,496
Machinery and equipment	49,722	8,508	-	58,230
Vehicles	31,089	2,000	-	33,089
Total accumulated depreciation	<u>5,766,442</u>	<u>150,373</u>	<u>-</u>	<u>5,916,815</u>
Business-type activities, capital assets, net	<u>\$2,048,167</u>	<u>\$ (1,555)</u>	<u>\$ -</u>	<u>\$2,046,612</u>

Depreciation expense was charged to business-type activities as follows:

Gas system	\$ 4,815
Water system	92,350
Sewer system	53,208
Total depreciation expense	<u>\$150,373</u>

(10) Accounts and Other Payables

The accounts and other payables at June 30, 2022 consist of the following:

	Governmental Activities	Business-Type Activities	Total
Accounts and other payables	\$ 68,350	\$ 28,149	\$ 96,499
Accrued salaries and benefits	22,544	600	23,144
Totals	<u>\$ 90,894</u>	<u>\$ 28,749</u>	<u>\$ 119,643</u>

TOWN OF SUNSET, LOUISIANA

Notes to Basic Financial Statements (Continued)

(11) Changes in Long-Term Liabilities

The following is a summary of long-term liability transactions of the Town for the year ended June 30, 2022:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Amount due in one year</u>
Long-term debt:					
Direct placements:					
Revenue bonds	\$ 491,000	\$ -	\$ 37,000	\$ 454,000	\$ 38,000
Loans payable	14,427	-	7,086	7,341	7,341
Capital leases	<u>3,064</u>	<u>88,763</u>	<u>26,908</u>	<u>64,919</u>	<u>30,491</u>
	<u>\$ 508,491</u>	<u>\$88,763.0</u>	<u>\$ 70,994</u>	<u>\$ 526,260</u>	<u>\$ 75,832</u>

Bonds and loans payable at June 30, 2022 are comprised of the following individual issues:

	<u>Total</u>	<u>Current Portion</u>
Governmental Activities:		
Revenue Bonds Payable - \$250,000 Excess Revenue Bonds, Series 2010 due in annual installments ranging from \$14,000 to \$23,000 through November 1, 2025; interest at 3.5% to 4.85%; secured by a pledge of and payable solely from the proceeds of sales tax revenues.	\$ 84,000	\$19,000
Loans Payable - annual installments of principal and interest (imputed at 3.5%) of \$7,600, maturing July 1, 2023, secured by land having a carrying value of \$34,156.	<u>7,341</u>	<u>7,341</u>
Total governmental activities	<u>\$ 91,341</u>	<u>\$26,341</u>
Business-Type Activities:		
Utility Revenue Bonds Payable - \$440,000 Taxable Utility Revenue Bonds, Series 2017 due in annual installments ranging from \$17,000 to \$27,000 through October 1, 2037; interest at 1.95%; secured by excess utility revenues.	<u>\$370,000</u>	<u>\$19,000</u>

TOWN OF SUNSET, LOUISIANA

Notes to Basic Financial Statements (Continued)

Capital lease payable at June 30, 2022 consist of the following:

	<u>Original Amount</u>	<u>Maturity Date</u>	<u>Interest Rates</u>	<u>Balance Outstanding</u>
Equipment	\$ 4,387	06/25/24	13.16%	\$ 2,173
Equipment	<u>88,763</u>	07/08/24	3.95%	<u>62,746</u>
	<u>\$ 93,150</u>			<u>\$ 64,919</u>

Annual debt service requirements of bonds and loans outstanding are as follows:

Year Ended June 30,	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		<u>Total</u>	
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>
2023	\$ 26,341	\$ 3,739	\$ 20,000	\$ 6,611	\$ 46,341	\$ 10,350
2024	20,000	2,605	20,000	6,221	40,000	8,826
2025	22,000	1,633	20,000	5,831	42,000	7,464
2026	23,000	558	21,000	5,831	44,000	6,389
2027-2031	-	-	111,000	22,883	111,000	22,883
2032-2036	-	-	125,000	11,398	125,000	11,398
2037-2038	-	-	<u>53,000</u>	<u>1,044</u>	<u>53,000</u>	<u>1,044</u>
Total	<u>\$ 91,341</u>	<u>\$ 8,535</u>	<u>\$370,000</u>	<u>\$ 59,819</u>	<u>\$461,341</u>	<u>\$ 68,354</u>

Annual debt service requirements to maturity for capital leases are as follows:

Year Ending June 30	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>
2023	\$ 1,242	\$ 31,424	\$ 32,666
2024	1,242	31,424	32,666
2025	-	2,619	2,619
Less: Amount representing interest	<u>(311)</u>	<u>(2,721)</u>	<u>(3,032)</u>
Present value of future minimum lease payments	<u>\$ 2,173</u>	<u>\$ 62,746</u>	<u>\$ 64,919</u>

Leased equipment included in capital assets at June 30, 2022 are as follows:

Equipment and vehicles	\$ 93,150
Less: Accumulated depreciation	<u>(8,696)</u>
Net	<u>\$ 84,454</u>

Depreciation of leased equipment in the amount of \$6,795 for the year ended June 30, 2022 is included in depreciation expense.

TOWN OF SUNSET, LOUISIANA

Notes to Basic Financial Statements (Continued)

(12) Flow of Funds; Restrictions on Use

Governmental activities: Sales Tax Revenue Bonds –

Under the terms of the \$250,000 Excess Revenue Bonds issued on November 22, 2010, a portion of the sales tax revenues in the Sale Tax Fund are pledged and dedicated to the retirement of the said bonds and are to be set aside into the following special fund:

Each month, there will be set aside into a fund called the “Bond and Interest Sinking Fund” the amount of \$1,920. Such transfers shall be fully sufficient to assure the prompt payment of principal and interest installments as they become due and may be used only for such payments.

During the year ended June 30, 2022, the monthly sinking fund transfers were made as required by the agreement.

Business-Type Activities: Utility Revenue Bonds -

Under the terms of the \$440,000 Taxable Utility Revenue Bonds issued December 23, 2017, all income and revenues (hereinafter referred to as revenue) of every nature, earned or derived from operation of the Utility System, are pledged and dedicated to the retirement of said bonds and are to be set aside into the following special funds:

Each month, there will be set aside into a fund called the “Town of Sunset Bond Sinking Fund” (the “Sinking Fund”) a sum equal to 1/6 of the interest falling due on the next interest payment date, and a sum equal to 1/12 of the principal falling due on the next principal date on all bonds payable from the Sinking Fund. Transfers from the Sinking Fund should be made to the paying agent bank at least three (3) days in advance of the date on which the payment of principal or interest falls due.

There shall also be set aside into a “Town of Sunset Utilities Revenue Bond Reserve Fund” (the “Reserve Fund”) a sum equal to 25% of the amount required to be paid into the Sinking Fund for each month until such time as there has been accumulated therein a sum equal to the Reserve Fund requirement of \$14,280 through 2034; and \$13,763 thereafter. Such amounts may be used only for the payment of maturing bonds and interest on all bonds payable from the Sinking Fund as to which there would otherwise be default.

Funds will also be set aside into a “Town of Sunset Utilities Depreciation and Contingencies Fund” (the “Contingencies Fund”), a sum equal to 5% of the net revenues of the preceding month, before the 20th day of each month. Such payments shall continue until there has been accumulated in the Contingencies Fund, the sum of \$60,000. Money in this fund may be used to care for extensions, additions, improvements, renewals, and replacements necessary to properly operate the System. However, if the balance is reduced below \$60,000, such payments shall be resumed and continued until the said maximum amount is again accumulated.

During the year ended June 30, 2022, the monthly sinking, reserve, and depreciation and contingency fund transfers were made as required by the agreement.

TOWN OF SUNSET, LOUISIANA

Notes to Basic Financial Statements (Continued)

(13) Pension Plans

The Town participates in two cost-sharing defined benefit plans, each administered by separate public employee retirement systems. Article X, Section 29(F) of the Louisiana Constitution of 1974 assigns the authority to establish and amend benefit provisions of all plans administered by these public employee retirement systems to the State Legislature. These plans are not closed to new entrants. Substantially all Town employees participate in one of the following retirement systems:

**Plan Descriptions**

Municipal Employees' Retirement System (MERS) provides retirement, disability, and survivor benefits to eligible employees and their beneficiaries as defined in LRS 11:1731 and 11:1781. The Town participates in Plan A.

State of Louisiana – Municipal Police Employees' Retirement System (MPERS) provides retirement, disability, and survivor benefits to eligible employees and their beneficiaries as defined in the LRS 11:2211 and 11:2220.

The system's financial statements are prepared using the accrual basis of accounting. Employer and employee contributions are recognized in the period in which the employee is compensated for services performed. Benefits and refunds are recognized when due and payable in accordance with the terms of each plan. Interest income is recognized when earned. Ad valorem taxes and revenue sharing monies are recognized in the year collected by the tax collector.

A brief summary of eligibility and benefits of the plans are provided in the following table:

	<u>MERS</u>	<u>MPERS</u>
Final average salary	Final average compensation	Highest 36 months or 60 months <sup>2</sup>
Years of service required and/or age eligible for benefits	25 years of any age 10 years age 60 20 years any age <sup>1</sup>	25 years of any age 20 years age 55 12 years age 55 20 years any age <sup>1</sup> 30 years any age <sup>3</sup> 25 years age 55 <sup>3</sup> 10 years age 60 <sup>3</sup>
Benefit percent per years of service	3.00%	2.50 - 3.33% <sup>4</sup>

<sup>1</sup> With actuarial reduced benefits

<sup>2</sup> Membership commencing January 1, 2013

<sup>3</sup> Under non hazardous duty sub plan commencing January 1, 2013

<sup>4</sup> Membership commencing January 1, 2013 non hazardous duty plan 2.5%, hazardous duty plan 3.0%, membership prior to January 1, 2013 3.33%.



TOWN OF SUNSET, LOUISIANA

Notes to Basic Financial Statements (Continued)

**Contributions**

Article X, Section 29 (E)(2)(a) of the Louisiana Constitution of 1974 assigns the Legislature the authority to determine employee contributions. Employer contributions are actuarially determined using statutorily established methods on an annual basis and are constitutionally required to cover the employer’s portion of the normal cost and provide for the amortization of the unfunded accrued liability. Employer contributions are adopted by the Legislature annually upon recommendation of the Public Retirement Systems’ Actuarial Committee. In addition, MERS receives a percentage of ad valorem taxes collected parishes, and MPERS receives a percentage of insurance premium tax monies as additional employer contributions. These entities are not participating employers in the pension systems and are considered to be nonemployer contributing entities. Contributions of employers, and nonemployer contributing entities effective for the year ended June 30, 2022 for the defined benefit pension plans in which the Town is a participating employer were as follows:

Plan	Active Member Contribution Percentage	Employer Contribution Percentage	Amount From Nonemployer Contributing Entities	Amount of Government Contributions
MERS	10.00%	29.50%	\$ 4,903	\$ 45,990
MPERS	10.00%	29.75%	\$ 4,011	\$ 16,781

**Net Pension Liability**

The Town’s net pension liability at June 30, 2022 is comprised of its proportionate share of the net pension liability relating to each of the cost-sharing plans in which the Town is a participating employer. The Town’s net pension liability for each plan was measured as of the plans’ measurement date (June 30, 2021 for all plans) and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The Town’s proportionate share of the net pension liability for each of the plans in which it participates was based on the Town’s required contributions in proportion to total required contributions for all employers.

As of the most recent measurement date, the Town’s proportion for each plan and the change in proportion from the prior measurement date were as follows:

Plan	Proportionate Share of Net Pension Liability	Proportionate Share (%) of Net Pension Liability	Increase/(Decrease) from Prior Measurement Date
MERS	\$ 182,768	0.065708%	0.002276%
MPERS	95,673	0.017948%	-0.001249%
Total	\$ 278,441		

TOWN OF SUNSET, LOUISIANA

Notes to Basic Financial Statements (Continued)

Since the measurement date of the net pension liability was June 30, 2021, the net pension liability is based upon fiduciary net position for each of the plans as of that date. Detailed information about each pension plan's assets, deferred outflows, deferred inflows, and fiduciary net position that was used in the measurement of the Town's net pension liability is available in the separately issued plan financial reports for that fiscal year. The financial report for each plan may be accessed on their website as follows:

MERS - <http://www.mersla.com/>  
 MPERS - <http://lampers.org/>

**Actuarial Assumptions**

The following table provides information concerning actuarial assumptions used in the determination of the total pension liability for each of the defined benefit plans in which the Town is a participating employer:

	MERS	MPERS
Date of experience study on which significant assumptions are based	7/1/2013 - 6/30/2018	7/1/2014 - 6/30/2019
Expected remaining service lives	3	4
Inflation Rate	2.500%	2.50%
Investment rate of return	6.85%	6.75%
Projected salary increases	4.5% - 6.4%	4.70% -12.30%
Projected benefit changes including COLAs	None	None
Source of mortality assumptions	(1), (2), (3)	(4), (5)

- (1) PubG-2010(b) Healthy Retiree Table set equal to 120% for males and females using respective male and female MP2018 scales.
- (2) PubG-2010(B) Employee Table set equal to 120% for males and females using respective male and female MP2018 scales.
- (3) PubNS-2010(B) Disabled Retiree Tables set equal to 120% for males and females with full generational MP2018 scale.
- (4) Pub-2010 Public Retirement Plan Mortality Table for Safety Below-Median Healthy Retirees multiplied by 115% for males and 125% for females, each with full generational projection using the MP2019 scale.
- (5) Pub-2010 Public Retirement Plans Mortality Table for Safety Disabled Retirees multiplied by 105% for males and 115% for females, each with full generational projection using MP2019 scales.

TOWN OF SUNSET, LOUISIANA

Notes to Basic Financial Statements (Continued)

**Cost of Living Adjustments**

The pension plans in which the Town participates have the authority to grant cost-of-living adjustments (COLAs) on an ad hoc basis. Pursuant to LRS 11:242(B), the power of the Board of Trustees of the statewide systems (MERS and MPERS) to grant a COLA is effective in calendar years that the legislature fails to grant a COLA, unless in the legislation granting a COLA, the legislature authorizes the Board of Trustees to provide an additional COLA. The authority to grant a COLA by the Board is subject to the funded status and interest earnings. The effects of the benefit changes made as a result of the COLAs is included in the measurement of the total pension liability as of the measurement date at which the ad hoc COLA was granted and the amount is known and reasonably estimable.

**Discount Rate**

The discount rates used to measure the Town’s total pension liability for each plan and the significant assumptions used in the determination of the discount rate for each plan are as follows:

	<u>MERS</u>	<u>MPERS</u>
Discount rate	6.85%	6.75%
Change in discount rate from prior valuation	-0.100%	-0.200%
Plan cash flow assumptions	(1)	(1)
Rates incorporated in the Discount Rate:		
Long-term Rate of Return	6.95%	7.30%
Periods applied	All	All
Municipal Bond Rate	N/A	N/A

\*Plan Cash Flow Assumptions:

- 1) Plan member contributions will be made at the current contributions rates and sponsor contributions will be made at the actuarially determined rates.

The discount rates used to measure the Town’s total pension liability for each plan is equal to the long-term expected rate of return on pension plan investments that are expected to be used to finance the payment of benefits. For MERS and MPERS, the long-term expected rate of return for each plan was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expenses and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation and an adjustment for the effect of rebalancing/diversification.

TOWN OF SUNSET, LOUISIANA

Notes to Basic Financial Statements (Continued)

The target allocation and best estimates of arithmetic/geometric real rates of return for each major asset class are summarized for each plan in the following tables:

Asset Class	MERS*		MPERS*	
	Target Allocation	Long-term Expected Real Rate of Return	Target Allocation	Long-term Expected Real Rate of Return
Fixed Income	38%	1.65%	55.5%	3.47%
Equities	53%	2.31%	30.5%	0.60%
Alternative Investments	9%	0.39%	14.0%	1.01%
Totals	<u>100%</u>	<u>4.35%</u>	<u>100%</u>	<u>5.08%</u>
Inflation		<u>2.60%</u>		<u>2.22%</u>
Expected Nominal Return		<u>6.95%</u>		<u>7.30%</u>

**Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions:**

Changes in the net pension liability may either be reported in pension expense in the year the change occurred or recognized as a deferred outflow of resources or a deferred inflow of resources in the year the change occurred and amortized into pension expense over a number of years. For the year ended June 30, 2022, the Town recognized (\$44,466) in pension expense (benefit) related to all defined benefit plans in which it participates. MERS and MPERS recognized revenues in the amount of \$8,914 in ad valorem taxes and insurance premium tax monies collected from nonemployer contributing entities

At June 30, 2022, the Town reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experiences	\$ 66	\$ 5,036
Changes of assumptions	17,274	2,729
Net difference between projected and actual earnings on pension plan investments	-	96,167
Change in proportion and differences between employer contributions and proportionate share of contributions	11,014	55,467
Employer contributions subsequent to the measurement date	<u>62,771</u>	<u>-</u>
Total	<u>\$ 91,125</u>	<u>\$ 159,399</u>

TOWN OF SUNSET, LOUISIANA

Notes to Basic Financial Statements (Continued)

Deferred outflows of resources of \$62,771 resulting from the employer contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability during the year ending June 30, 2022. Amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions to be recognized in pension expense are as follows:

Year Ended June 30	Net Amount Recognized in Pension Expense
2023	\$ (57,849)
2024	(16,108)
2025	(24,267)
2026	(32,821)
	<u>\$ (131,045)</u>

**Sensitivity of the Town’s Proportional Share of the Net Pension Liabilities to Changes in the Discount Rate**

The following presents the Town’s proportionate shares of the net pension liabilities of the plans, calculated using their respective discount rates, as well as what the Town’s proportionate shares of the net pension liabilities would be if they were calculated using a discount rate that is one percentage point lower or one percentage point higher than the current rate:

Plan	Current Discount Rate	Net Pension Liability		
		1% Decrease	Current Discount Rate	1% Increase
MERS	6.85%	\$ 270,687	\$ 182,768	\$ 108,506
MPERS	6.75%	<u>166,742</u>	<u>95,673</u>	<u>36,353</u>
Total		<u>\$ 437,429</u>	<u>\$ 278,441</u>	<u>\$ 144,859</u>

**Payables to Pension Plans**

At June 30, 2022, the Town reported payables of \$5,588 for the outstanding amount of contributions due to the retirement systems for the year.

(14) Risk Management

The Town is exposed to risks of loss in the areas of health care, general and auto liability, property hazards and workers’ compensation. All of these risks are handled by purchasing commercial insurance coverage. There have been no significant reductions in the insurance coverage during the year, nor have settlements exceeded coverage for the past three years.

TOWN OF SUNSET, LOUISIANA

Notes to Basic Financial Statements (Continued)

(15) Litigation and Claims

At June 30, 2022, the Town was involved in certain lawsuits arising from the normal course of operations, which have been referred to its insurance provider. In the opinion of the Town's legal counsel, the Town has no liability in excess of insurance coverage.

(16) On-Behalf Payment of Salaries

The State of Louisiana paid the Town's policemen and firemen \$28,784 of supplemental pay during the year ended June 30, 2022. Such payments are recorded as intergovernmental revenues and public safety expenditures in the government-wide and General Fund financial statements.

(17) Compensation, Benefits, and Other Payments to Mayor

A detail of compensation, benefits, and other payments paid to Mayor Charles James for the year ended June 30, 2022 follows:

<u>Purpose</u>	<u>Amount</u>
Salary	\$ 10,200
Reimbursements	<u>750</u>
Total	<u>\$ 10,950</u>

(18) Compensation of Town Officials

A detail of compensation paid to the Mayor and Board of Aldermen for the year ended June 30, 2022 follows:

Charles James, Mayor	\$ 10,200
Aldermen:	
Bernice Smith	\$ 7,425
Mark Pitre	6,150
Rashida Charlot	6,150
Robert L. Carmouche	6,100
Jarrod Shaw	<u>6,200</u>
	<u>\$42,225</u>

TOWN OF SUNSET, LOUISIANA

Notes to Basic Financial Statements (Continued)

(19) Interfund Receivables/Payables

A. A summary of interfund receivables and payables at June 30, 2022:

	<u>Interfund Receivables</u>	<u>Interfund Payables</u>
Major funds:		
Governmental funds:		
General Fund	\$ 479,143	\$ 416,741
Sales Tax Special Revenue Fund	242,266	10,222
Proprietary fund:		
Utility Fund	-	264,034
Nonmajor funds:		
Governmental funds:		
Debt Service Fund	<u>17,570</u>	<u>47,982</u>
Total	<u>\$ 738,979</u>	<u>\$ 738,979</u>

The amounts due to various other funds are for short-term loans.

B. Transfers consisted of the following at June 30, 2022:

	<u>Transfers In</u>	<u>Transfers Out</u>
Major funds:		
Governmental funds:		
General Fund	\$ 673,872	\$ -
Sales Tax Special Revenue Fund	-	865,404
Proprietary fund:		
Utility Fund	180,583	-
Nonmajor funds:		
Governmental funds:		
Debt Service Fund	<u>10,949</u>	<u>-</u>
Total	<u>\$ 865,404</u>	<u>\$ 865,404</u>

Transfers are used to (a) move revenues from the fund that statute or budget requires to collect them to the fund that statute or budget requires to expend them and to (b) use unrestricted revenues collected in the general fund to finance various programs accounted for in other funds in accordance with budgetary authorizations.

**REQUIRED SUPPLEMENTARY  
INFORMATION**



TOWN OF SUNSET, LOUISIANA  
General Fund

Budgetary Comparison Schedule  
For the Year Ended June 30, 2022

	Budget		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		(Negative)
<b>Revenues:</b>				
Taxes	\$ 294,080	\$ 287,352	\$ 322,097	\$ 34,745
Licenses and permits	185,000	207,238	223,964	16,726
Intergovernmental	88,240	592,416	625,239	32,823
Fines and forfeits	380,000	304,865	357,505	52,640
Miscellaneous	22,800	104,524	62,968	(41,556)
Total revenues	<u>970,120</u>	<u>1,496,395</u>	<u>1,591,773</u>	<u>95,378</u>
<b>Expenditures:</b>				
General government	491,502	672,933	647,058	25,875
Public safety -				
Police	630,135	744,537	669,060	75,477
Fire	154,214	181,331	164,177	17,154
Streets	158,136	205,598	195,706	9,892
Debt service	-	20,000	8,842	11,158
Capital outlay	100,000	98,820	88,820	10,000
Total expenditures	<u>1,533,987</u>	<u>1,923,219</u>	<u>1,773,663</u>	<u>149,556</u>
Deficiency of revenues over expenditures	<u>(563,867)</u>	<u>(426,824)</u>	<u>(181,890)</u>	<u>244,934</u>
<b>Other financing sources:</b>				
Transfers in	<u>600,000</u>	<u>751,918</u>	<u>673,872</u>	<u>(78,046)</u>
Net change in fund balance	36,133	325,094	491,982	166,888
Fund balance, beginning	<u>544,998</u>	<u>544,998</u>	<u>544,998</u>	<u>-</u>
Fund balance, ending	<u>\$ 581,131</u>	<u>\$ 870,092</u>	<u>\$ 1,036,980</u>	<u>\$ 166,888</u>

The accompanying notes are an integral part of this schedule.

TOWN OF SUNSET, LOUISIANA  
Sales Tax Special Revenue Fund

Budgetary Comparison Schedule  
For the Year Ended June 30, 2022

	Budget		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>Revenues:</b>				
Taxes	\$ 790,103	\$ 813,512	\$ 934,383	\$ 120,871
Miscellaneous - interest and other	135	250	306	56
Total revenues	<u>790,238</u>	<u>813,762</u>	<u>934,689</u>	<u>120,927</u>
<b>Expenditures:</b>				
General government -				
Collection fees	6,284	9,040	6,624	2,416
Professional fees	2,725	3,082	2,676	406
Office expense	18	63	64	(1)
Total expenditures	<u>9,027</u>	<u>12,185</u>	<u>9,364</u>	<u>2,821</u>
Excess of revenues over expenditures	781,211	801,577	925,325	123,748
<b>Other financing uses:</b>				
Transfers out	<u>(622,278)</u>	<u>(774,418)</u>	<u>(865,404)</u>	<u>(90,986)</u>
Net change in fund balance	158,933	27,159	59,921	32,762
Fund balance, beginning	<u>505,539</u>	<u>505,539</u>	<u>505,539</u>	<u>-</u>
Fund balance, ending	<u>\$ 664,472</u>	<u>\$ 532,698</u>	<u>\$ 565,460</u>	<u>\$ 32,762</u>

The accompanying notes are an integral part of this schedule.

TOWN OF SUNSET, LOUISIANA

Schedule of Employer's Share of Net Pension Liability  
For the Year Ended June 30, 2022

Year Ended June 30,	Employer Proportion of the Net Pension Liability (Asset)	Employer Proportionate Share of the Net Pension Liability (Asset)	Covered Payroll	Employer's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered Payroll	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability
<b>Municipal Employees' Retirement System of Louisiana - Plan A:</b>					
2022	\$ 182,768	0.065708%	\$ 130,109	140.47%	77.82%
2021	274,424	0.063432%	121,446	225.96%	64.52%
2020	415,296	0.099390%	183,981	225.73%	64.68%
2019	512,405	0.123749%	227,885	224.85%	63.94%
2018	525,325	0.125573%	228,047	230.36%	62.49%
2017	540,435	0.131855%	235,886	229.11%	62.11%
2016	438,193	0.122669%	209,368	209.29%	66.18%
2015	317,185	0.123589%	185,377	171.10%	73.99%
<b>Municipal Police Employees' Retirement System of Louisiana:</b>					
2022	\$ 95,673	0.017948%	\$ 57,036	167.74%	84.09%
2021	177,425	0.019197%	59,401	298.69%	70.94%
2020	167,412	0.184340%	57,570	290.80%	71.01%
2019	164,922	0.019508%	57,570	286.47%	71.89%
2018	161,888	0.018543%	57,570	281.20%	70.08%
2017	164,999	0.017604%	49,311	334.61%	66.04%
2016	144,419	0.018435%	49,311	292.87%	70.73%
2015	118,509	0.018943%	48,937	242.17%	75.10%

\* The amounts presented have a measurement date of the previous fiscal year end.

*This schedule is intended to show information for 10 years. Additional years will be displayed as they become available.*

The accompanying notes are an integral part of this schedule.

TOWN OF SUNSET, LOUISIANA

Schedule of Employer Pension Contributions  
For the Year Ended June 30, 2022

<u>Year Ended June 30,</u>	<u>Contractually Required Contribution</u>	<u>Contributions in Relation to Contractually Required Contribution</u>	<u>Contribution Deficiency (Excess)</u>	<u>Covered Payroll</u>	<u>Contributions as a % of Covered Payroll</u>
<b>Municipal Employees' Retirement System of Louisiana - Plan A:</b>					
2022	\$ 45,990	\$ 45,990	-	\$ 155,896	29.50%
2021	38,383	38,383	-	130,109	29.50%
2020	33,645	33,645	-	121,446	27.70%
2019	47,835	47,835	-	183,981	26.00%
2018	56,402	56,402	-	227,885	24.75%
2017	51,881	51,881	-	228,047	22.75%
2016	46,589	46,589	-	235,886	19.75%
2015	41,350	41,350	-	209,368	19.75%
<b>Municipal Police Employees' Retirement System of Louisiana:</b>					
2022	\$ 16,781	\$ 16,781	-	\$ 56,408	29.75%
2021	19,250	19,250	-	57,036	33.75%
2020	19,305	19,305	-	59,401	32.50%
2019	18,566	18,566	-	57,570	32.25%
2018	17,703	17,703	-	57,570	30.75%
2017	18,279	18,279	-	57,570	31.75%
2016	14,547	14,547	-	49,311	29.50%
2015	15,533	15,533	-	49,311	31.50%

*This schedule is intended to show information for 10 years. Additional years will be displayed as they become available.*

The accompanying notes are an integral part of this schedule.

TOWN OF SUNSET, LOUISIANA

Notes to Required Supplementary Information

(1) Budget and Budgetary Accounting

The Town follows these procedures in establishing the budgetary data reflected in the financial statements:

1. The Town Clerk submits, no later than 15 days prior to the beginning of each fiscal year, to the Mayor and Board of Aldermen, a proposed operating budget.
2. A summary of the proposed budget is published, and the public notified that the proposed budget is available for public inspection. At the same time, a public hearing is called.
3. A public hearing is held on the proposed budget at least ten days after publication of the call for the hearing.
4. After the holding of the public hearing and completion of all action necessary to finalize and implement the budget, the budget is adopted through passage of an ordinance prior to the commencement of the fiscal year for which the budget is being adopted.
5. Budgetary amendments involving the transfer of funds from one department, program or function to another or involving increases in expenditures resulting from revenues exceeding amounts estimated require the approval of the Board of Aldermen.
6. All budgetary appropriations lapse at the end of each fiscal year.
7. Budgets for all funds are adopted on a basis consistent with generally accepted accounting principles (GAAP). Budgeted amounts are as originally adopted or as amended by the Board of Aldermen.

TOWN OF SUNSET, LOUISIANA

Notes to Required Supplementary Information

(2) Pension Plans

Changes in benefit terms – There were no changes in benefit terms.

Changes of assumptions – Changes of assumptions about future economic or demographic factors or of other inputs were recognized in pension expense using the straight-line amortization method over a closed period equal to the average of the expected remaining service lives of all employees that are provided with pensions through the plans. These assumptions include the rate of investment return, mortality of plan members, rate of salary increase, rates of retirement, rates of termination, rates of disability, and various other factors that have an impact on the cost of the plan.

Amounts reported in fiscal year ended June 30, 2022 for the various pension plans reflect the following changes used to measure the total pension liability:

* Year ended June 30,	Discount Rate	Investment Rate of Return	Inflation Rate	Expected Remaining Service Lives	Projected Salary Increase
<b>Municipal Employees' Retirement System of Louisiana - Plan A:</b>					
2022	6.85%	6.85%	2.50%	3	4.5-6.4%
2021	6.95%	6.95%	2.50%	3	4.5-6.4%
2020	7.00%	7.00%	2.50%	3	4.5-6.4%
2019	7.275%	7.275%	2.60%	3	5.00%
2018	7.40%	7.40%	2.775%	4	5.00%
2017	7.50%	7.50%	2.875%	4	5.00%
2016	7.50%	7.50%	2.875%	4	5.00%
2015	7.75%	7.75%	3.00%	4	5.75%
<b>Municipal Police Employees' Retirement System of Louisiana:</b>					
2022	6.75%	6.75%	2.50%	4	4.70-12.30%
2021	6.95%	6.95%	2.50%	4	4.70-12.30%
2020	7.125%	7.125%	2.50%	4	4.25-9.75%
2019	7.20%	7.20%	2.60%	4	4.25-9.75%
2018	7.325%	7.325%	2.70%	4	4.25-9.75%
2017	7.50%	7.50%	2.875%	4	4.25-9.75%
2016	7.50%	7.50%	2.875%	4	4.25-9.75%
2015	7.50%	7.50%	3.00%	4	4.0-10.0%

\* The amounts presented have a measurement date of the previous fiscal year end.

**OTHER SUPPLEMENTARY INFORMATION**

TOWN OF SUNSET, LOUISIANA

Statement of Net Position

June 30, 2022

With Comparative Amounts as of June 30, 2021

	2022			2021 Totals
	Governmental Activities	Business-Type Activities	Total	
<b>ASSETS</b>				
Cash and interest-bearing deposits	\$ 1,528,389	\$ 627,496	\$ 2,155,885	\$ 1,242,335
Receivables, net	97,981	113,259	211,240	164,328
Internal balances	264,034	(264,034)	-	-
Due from other governmental units	4,555	-	4,555	8,986
Restricted assets:				
Cash and interest-bearing deposits	-	315,405	315,405	237,426
Capital assets, net	<u>1,053,242</u>	<u>2,046,612</u>	<u>3,099,854</u>	<u>3,110,974</u>
Total assets	<u>2,948,201</u>	<u>2,838,738</u>	<u>5,786,939</u>	<u>4,764,049</u>
DEFERRED OUTFLOWS OF RESOURCES	<u>80,524</u>	<u>10,601</u>	<u>91,125</u>	<u>124,720</u>
<b>LIABILITIES</b>				
Accounts, salaries and other payables	90,894	28,749	119,643	123,131
Customers deposits payable	-	143,604	143,604	140,800
Accrued interest payable	-	-	-	776
Long-term liabilities:				
Due within one year	27,357	48,475	75,832	44,983
Due in more than one year	66,157	384,271	450,428	463,508
Net pension liability	<u>260,164</u>	<u>18,277</u>	<u>278,441</u>	<u>451,670</u>
Total liabilities	<u>444,572</u>	<u>623,376</u>	<u>1,067,948</u>	<u>1,224,868</u>
DEFERRED INFLOWS OF RESOURCES	<u>149,503</u>	<u>9,896</u>	<u>159,399</u>	<u>135,956</u>
<b>NET POSITION</b>				
Net investment in capital assets	1,053,242	2,857,549	3,910,791	3,711,721
Restricted for sales tax dedications	765,704	-	765,704	505,539
Restricted for debt service	1,381	80,818	82,199	59,653
Unrestricted	<u>614,323</u>	<u>(722,300)</u>	<u>(107,977)</u>	<u>373,804</u>
Total net position	<u>\$ 2,434,650</u>	<u>\$ 2,216,067</u>	<u>\$ 4,650,717</u>	<u>\$ 3,527,945</u>



TOWN OF SUNSET, LOUISIANA  
General and Special Revenue Funds

Balance Sheet  
June 30, 2022  
With Comparative Amounts as of June 30, 2021

	General		Sales Tax Special Revenue	
	2022	2021	2022	2021
<b>ASSETS</b>				
Cash and interest-bearing deposits	\$ 962,936	\$ 447,915	\$ 333,416	\$ 274,972
Receivables:				
Ad valorem taxes	2,567	4,228	-	-
Franchise taxes	42,212	34,975	-	-
Due from other governmental units	4,555	8,986	-	-
Due from other funds	479,143	407,469	242,266	240,789
Other	53,202	49,405	-	-
Total assets	<u>\$ 1,544,615</u>	<u>\$ 952,978</u>	<u>\$ 575,682</u>	<u>\$ 515,761</u>
<b>LIABILITIES AND FUND BALANCES</b>				
Liabilities:				
Accounts and other payables	\$ 90,894	\$ 86,734	\$ -	\$ -
Due to other funds	416,741	321,246	10,222	10,222
Total liabilities	507,635	407,980	10,222	10,222
Fund balances -				
Restricted:				
Sales tax dedications	-	-	565,460	505,539
Unassigned	1,036,980	544,998	-	-
Total fund balances	1,036,980	544,998	565,460	505,539
Total liabilities and fund balances	<u>\$ 1,544,615</u>	<u>\$ 952,978</u>	<u>\$ 575,682</u>	<u>\$ 515,761</u>

TOWN OF SUNSET, LOUISIANA  
General Fund

Budgetary Comparison Schedule - Revenues  
For the Year Ended June 30, 2022  
With Comparative Actual Amounts for the Year Ended June 30, 2021

	2022			Variance with Final Budget Positive (Negative)	2021 Actual
	Budget		Actual		
	Original	Final			
Taxes:					
Ad valorem	\$ 148,500	\$ 121,935	\$ 152,464	\$ 30,529	\$ 149,650
Payments in lieu of taxes	9,000	2,500	-	(2,500)	-
Franchise -					
Electric	132,500	158,621	165,358	6,737	138,834
Cable television	2,000	2,654	2,387	(267)	4,061
Telephone	2,080	1,642	1,888	246	1,503
Total taxes	<u>294,080</u>	<u>287,352</u>	<u>322,097</u>	<u>34,745</u>	<u>294,048</u>
Licenses and permits	<u>185,000</u>	<u>207,238</u>	<u>223,964</u>	<u>16,726</u>	<u>223,166</u>
Intergovernmental:					
State of Louisiana -					
Beer taxes	5,075	2,276	4,815	2,539	5,294
Fire insurance rebate	9,050	9,057	17,154	8,097	9,057
Racino income	33,225	31,742	38,700	6,958	39,697
On-behalf payments	35,000	16,500	28,784	12,284	33,170
Grass cutting	5,890	3,767	6,712	2,945	8,835
Grants	-	529,074	529,074	-	-
Total intergovernmental	<u>88,240</u>	<u>592,416</u>	<u>625,239</u>	<u>32,823</u>	<u>96,053</u>
Fines and forfeits					
Court fines	260,000	224,695	271,786	47,091	271,962
Step tickets	<u>120,000</u>	<u>80,170</u>	<u>85,719</u>	<u>5,549</u>	<u>111,660</u>
Total fines and forfeits	<u>380,000</u>	<u>304,865</u>	<u>357,505</u>	<u>52,640</u>	<u>383,622</u>
Miscellaneous:					
Community Center	-	-	5,350	5,350	300
Donations	4,250	4,884	17,425	12,541	3,188
Proceeds from sale of capital assets	-	-	20	20	120
Interest income	50	11	117	106	102
Other miscellaneous revenue	<u>18,500</u>	<u>99,629</u>	<u>40,056</u>	<u>(59,573)</u>	<u>62,775</u>
Total miscellaneous	<u>22,800</u>	<u>104,524</u>	<u>62,968</u>	<u>(41,556)</u>	<u>66,485</u>
Total revenues	<u>\$ 970,120</u>	<u>\$ 1,496,395</u>	<u>\$ 1,591,773</u>	<u>\$ 95,378</u>	<u>\$ 1,063,374</u>

TOWN OF SUNSET, LOUISIANA  
General Fund

Budgetary Comparison Schedule - Expenditures  
For the Year Ended June 30, 2022  
With Comparative Actual Amounts for the Year Ended June 30, 2021

	2022				
	Budget		Actual	Variance with	2021 Actual
	Original	Final		Final Budget Positive (Negative)	
Current:					
General government -					
Salaries - Mayor and council	\$ 42,250	\$ 42,000	\$ 40,552	\$ 1,448	\$ 42,295
Salaries - clerical	108,200	164,924	125,575	39,349	113,158
Payroll taxes	8,277	15,783	12,962	2,821	13,153
Retirement	32,925	39,505	31,733	7,772	33,307
Office supplies and postage	36,750	44,836	47,525	(2,689)	38,598
Conventions and meetings	4,500	7,974	9,857	(1,883)	5,974
Advertising and publications	3,250	4,591	4,635	(44)	9,155
Preparation of tax roll	4,650	4,816	4,816	-	4,725
Insurance	97,350	115,360	102,024	13,336	99,861
Legal and professional	36,500	59,543	61,040	(1,497)	39,980
Accounting and audit	12,975	22,583	19,609	2,974	13,203
Consulting	58,500	87,282	125,404	(38,122)	93,023
Miscellaneous	9,250	17,189	18,603	(1,414)	13,784
Repairs and maintenance	8,500	19,474	9,047	10,427	7,584
Telephone	16,250	18,624	18,263	361	25,404
Utilities	8,725	6,049	13,413	(7,364)	12,687
Coroner's fees	2,650	2,400	2,000	400	2,400
Total general government	<u>491,502</u>	<u>672,933</u>	<u>647,058</u>	<u>25,875</u>	<u>568,291</u>
Public safety - police -					
Salaries	352,750	375,195	394,694	(19,499)	373,396
On-behalf salaries	23,000	13,700	18,783	(5,083)	20,524
Payroll taxes	26,985	32,212	32,435	(23)	28,831
Retirement	20,425	24,633	13,929	10,704	20,884
Accounting and audit	2,575	3,787	3,288	499	2,616
Office supplies	13,750	27,347	20,846	6,501	17,162
Materials and supplies	3,825	8,028	4,908	3,120	3,096
Drug testing	750	942	905	37	791
Utilities	2,975	5,353	4,450	903	2,823
Repairs and maintenance	3,250	5,193	3,671	1,522	2,785
Auto expense	27,250	61,795	15,056	46,739	18,597
Gasoline	18,250	34,464	29,416	5,048	16,529
Uniforms	425	1,928	1,936	(8)	2,696
Insurance	98,025	116,174	106,244	9,930	100,389
Telephone	14,750	14,973	11,581	3,392	11,464
Conventions and meetings	325	200	285	(85)	360
Prisoner meals	325	325	254	71	198
Radio and radar expense	1,500	1,314	989	325	1,795
Miscellaneous	19,000	16,974	1,225	15,749	434
Indigent defender expense	-	-	4,165	(4,165)	8,208
Total public safety - police	<u>630,135</u>	<u>744,537</u>	<u>669,060</u>	<u>75,477</u>	<u>633,578</u>

(continued)

TOWN OF SUNSET, LOUISIANA  
General Fund

Budgetary Comparison Schedule - Expenditures (Continued)  
For the Year Ended June 30, 2022  
With Comparative Actual Amounts for the Year Ended June 30, 2021

	2022				
	Budget		Actual	Variance with	2021 Actual
	Original	Final		Final Budget Positive (Negative)	
Public safety - fire -					
Salaries	64,272	61,564	54,292	7,272	65,844
On behalf salaries	12,000	8,500	10,000	(1,500)	12,000
Payroll taxes	4,917	8,527	5,054	3,473	6,106
Accounting and audit	2,525	3,831	3,327	504	2,524
Materials and supplies	11,825	19,761	18,785	976	10,904
Utilities	4,625	4,947	4,832	115	4,594
Repairs and maintenance	12,150	26,990	23,885	3,105	18,982
Contractual services	4,350	3,971	3,316	655	3,519
Insurance	27,750	33,144	30,311	2,833	28,003
Telephone	7,125	4,892	5,196	(304)	6,427
Gasoline	2,250	3,720	3,272	448	1,450
Uniforms	-	-	982	(982)	2,421
Miscellaneous	425	1,484	925	559	426
Total public safety - fire	<u>154,214</u>	<u>181,331</u>	<u>164,177</u>	<u>17,154</u>	<u>163,200</u>
Public works - streets -					
Salaries	37,925	38,213	22,758	15,455	39,560
Payroll taxes	2,901	4,245	1,784	2,461	3,031
Retirement	3,425	4,594	5,519	(925)	928
Accounting and audit	2,725	3,677	2,305	1,372	2,707
Materials and supplies	4,875	6,265	6,192	73	6,342
Auto and truck expense	3,250	9,320	9,424	(104)	2,916
Gasoline	1,025	2,966	2,948	18	1,425
Repairs and maintenance	2,925	11,909	14,549	(2,640)	2,335
Insurance	33,725	38,616	35,315	3,301	34,343
Telephone	-	-	730	(730)	-
Uniforms	3,625	6,478	5,755	723	3,568
Utilities	45,225	52,619	49,209	3,410	41,961
Tractor and backhoe expense	3,475	9,556	7,570	1,986	3,306
Miscellaneous	2,500	4,560	10,487	(5,927)	4,457
Shell, gravel and dirt	4,475	5,608	4,673	935	5,549
Animal control expenses	825	898	748	150	85
Station	925	-	-	-	893
Engineering services	4,310	6,074	15,740	(9,666)	23,178
Total public works - streets	<u>158,136</u>	<u>205,598</u>	<u>195,706</u>	<u>9,892</u>	<u>176,584</u>
Debt service -					
Principal	-	18,000	7,978	10,022	18,335
Interest	-	2,000	864	1,136	1,175
Total debt service	<u>-</u>	<u>20,000</u>	<u>8,842</u>	<u>11,158</u>	<u>19,510</u>
Capital outlay:					
Public safety -					
Police	90,000	98,820	88,820	10,000	-
Fire	-	-	-	-	19,016
Total capital outlay	<u>90,000</u>	<u>98,820</u>	<u>88,820</u>	<u>10,000</u>	<u>19,016</u>
Total expenditures	<u>\$ 1,523,987</u>	<u>\$ 1,923,219</u>	<u>\$ 1,773,663</u>	<u>\$ 149,556</u>	<u>\$ 1,580,179</u>

TOWN OF SUNSET, LOUISIANA  
Sales Tax Special Revenue Fund

Budgetary Comparison Schedule  
For the Year Ended June 30, 2022  
With Comparative Actual Amounts for the Year Ended June 30, 2021

	2022		Actual	Variance with Final Budget Positive (Negative)	2021 Actual
	Budget				
	Original	Final			
<b>Revenues:</b>					
Taxes	\$ 790,103	\$ 813,512	\$ 934,383	\$ 120,871	\$ 832,889
Miscellaneous - interest and other	135	250	306	56	202
Total revenues	<u>790,238</u>	<u>813,762</u>	<u>934,689</u>	<u>120,927</u>	<u>833,091</u>
<b>Expenditures:</b>					
General government -					
Collection fees	6,284	9,040	6,624	2,416	6,290
Professional fees	2,725	3,082	2,676	406	3,160
Office expense	18	63	64	(1)	55
Total general government	<u>9,027</u>	<u>12,185</u>	<u>9,364</u>	<u>2,821</u>	<u>9,505</u>
Excess of revenues over expenditures	781,211	801,577	925,325	123,748	823,586
<b>Other financing uses:</b>					
Transfers out	<u>(622,278)</u>	<u>(774,418)</u>	<u>(865,404)</u>	<u>(90,986)</u>	<u>(627,402)</u>
Net change in fund balance	158,933	27,159	59,921	32,762	196,184
Fund balance, beginning	<u>505,539</u>	<u>505,539</u>	<u>505,539</u>	<u>-</u>	<u>309,355</u>
Fund balance, ending	<u>\$ 664,472</u>	<u>\$ 532,698</u>	<u>\$ 565,460</u>	<u>\$ 32,762</u>	<u>\$ 505,539</u>

TOWN OF SUNSET, LOUISIANA  
Debt Service Fund

Budgetary Comparison Schedule  
For the Year Ended June 30, 2022  
With Comparative Actual Amounts for the Year Ended June 30, 2021

	2022			Variance with Final Budget Positive (Negative)	2021 Actual
	Budget		Actual		
	Original	Final			
Revenues:					
Miscellaneous - interest and other	-	-	-	\$ -	-
Expenditures:					
General government -					
Office expense	-	19	19	-	12
Debt service -					
Principal	18,000	18,000	18,000	-	17,000
Interest	4,278	4,277	4,214	63	4,951
Total debt service	22,278	22,277	22,214	63	21,951
Total expenditures	22,278	22,296	22,233	63	21,963
Deficiency of revenues over expenditures	(22,278)	(22,296)	(22,233)	(63)	(21,963)
Other financing sources:					
Transfers in	22,278	22,500	10,949	(11,551)	22,402
Net change in fund balance	-	204	(11,284)	(11,614)	439
Fund balance, beginning	12,665	12,665	12,665	-	12,226
Fund balance, ending	\$ 12,665	\$ 12,869	\$ 1,381	\$ (11,614)	\$ 12,665

TOWN OF SUNSET, LOUISIANA  
Enterprise Fund  
Utility Fund

Schedule of Number of Utility Customers  
(Unaudited)  
June 30, 2022 and 2021

Records maintained by the Town indicated the following number of customers were being serviced during the months of June 30, 2022 and 2021:

<u>Department</u>	<u>2022</u>	<u>2021</u>
Gas (metered)	507	511
Water (metered)	1,345	1,333
Sewer	1,183	1,168

TOWN OF SUNSET, LOUISIANA

Schedule of Insurance in Force  
(Unaudited)  
June 30, 2022

<u>Description of Coverage</u>	<u>Coverage Amounts</u>
Workmen's compensation - Employer's liability	\$ 500,000
Commercial general liability	500,000
Law enforcement officers' liability	500,000
Public officials' errors and omissions liability	500,000
Business auto liability	500,000
Commercial Property	550,000
Property damage -	
Fire station:	180,093
Real property	72,040
Personal property	
Building:	
Real property	2,214,764
Personal property	421,600
Contractors' equipment	131,868
Employee theft	180,000
Auto liability -	
General	1,500,000
Fire department	1,000,000
Accident and sickness -	
Fire department	50,000
Police department	50,000



TOWN OF SUNSET, LOUISIANA  
Enterprise Fund  
Utility Fund

Comparative Statement of Net Position  
June 30, 2022 and 2021

	2022	2021
<b>ASSETS</b>		
Current assets:		
Cash and interest-bearing demand deposits	\$ 627,496	\$ 464,814
Accounts receivable, net	113,259	75,720
Total current assets	740,755	540,534
Noncurrent assets:		
Restricted assets -		
Cash and interest-bearing deposits	315,405	237,426
Capital assets, net of accumulated depreciation	2,046,612	2,048,167
Total noncurrent assets	2,362,017	2,285,593
Total assets	3,102,772	2,826,127
<b>DEFERRED OUTFLOWS OF RESOURCES</b>		
Deferred outflows related to pensions	10,601	7,342
<b>LIABILITIES</b>		
Current liabilities:		
Accounts payable	28,149	35,999
Accrued liabilities	600	400
Due to other funds	264,034	274,819
Capital lease	29,475	-
Payable from restricted assets -		
Customers' deposits	143,604	140,800
Bonds payable	19,000	19,000
Total current liabilities	484,862	471,018
Noncurrent liabilities:		
Bonds payable	351,000	370,000
Capital lease	33,271	-
Net pension liability	18,277	27,424
Total noncurrent liabilities	402,548	397,424
Total liabilities	887,410	868,442
<b>DEFERRED INFLOWS OF RESOURCES</b>		
Deferred inflows related to pensions	9,896	12,039
<b>NET POSITION</b>		
Net investment in capital assets	2,857,549	2,768,405
Restricted for debt service	80,818	46,988
Unrestricted	(722,300)	(862,405)
Total net position	\$ 2,216,067	\$ 1,952,988

TOWN OF SUNSET, LOUISIANA  
Enterprise Fund  
Utility Fund

Comparative Departmental Statement of Revenues and Expenses  
Years Ended June 30, 2022 and 2021

	Totals		Gas	
	2022	2021	2022	2021
Operating revenues:				
Charges for services -				
Billings to customers	\$ 1,041,792	\$ 1,046,673	\$ 371,455	\$ 395,023
Gas, water, and sewer taps	42,298	13,001	11,448	5,401
Delinquent charges	20,197	19,603	8,912	9,538
Other fees	32,653	35,243	1,257	5,660
Total operating revenues	<u>1,136,940</u>	<u>1,114,520</u>	<u>393,072</u>	<u>415,622</u>
Operating expenses:				
Salaries	202,785	162,258	67,595	50,605
Payroll taxes	30,278	11,727	7,059	3,909
Retirement/pension expense (benefit)	(5,322)	35,970	(985)	8,957
Meter reading	40,101	7,726	7,741	3,863
Gas purchases	98,612	49,941	98,612	49,941
Survey and analysis expense	21,038	24,155	20,575	7,678
Materials and supplies	81,035	66,193	16,879	23,759
State mandated water fee	9,309	19,268	-	-
Office supplies and postage	13,813	10,626	3,980	5,215
Repairs and maintenance	94,521	103,158	3,779	9,835
Insurance	43,844	44,763	9,900	9,099
Utilities	54,815	50,218	658	622
Telephone	6,615	4,206	1,080	642
Internet	18,006	13,642	-	-
Auto expense	26,676	6,512	8,748	1,950
Accounting and audit	27,420	23,627	11,659	9,657
Engineering	55,265	32,912	-	-
Contract labor	54,063	36,572	30,887	849
Miscellaneous	17,698	19,098	6,156	7,419
Depreciation	150,373	145,606	4,815	4,832
Total operating expenses	<u>1,042,945</u>	<u>872,295</u>	<u>301,138</u>	<u>202,949</u>
Operating income (loss)	<u>93,995</u>	<u>242,225</u>	<u>\$ 91,934</u>	<u>\$ 212,673</u>
Nonoperating revenues (expenses):				
Interest income	49	57		
Non-employer pension contribution	490	-		
Interest expense	(12,038)	(8,751)		
Total nonoperating revenues (expenses)	<u>(11,499)</u>	<u>(8,694)</u>		
Income before contributions and transfers	82,496	233,531		
Transfers in (out)	<u>180,583</u>	<u>-</u>		
Change in net position	263,079	233,531		
Net position, beginning	<u>1,952,988</u>	<u>1,719,457</u>		
Net position, ending	<u>\$ 2,216,067</u>	<u>\$ 1,952,988</u>		

Water		Sewer	
2022	2021	2022	2021
\$ 415,529	\$ 404,120	\$ 254,808	\$ 247,530
23,650	7,100	7,200	500
9,770	8,421	1,515	1,644
<u>21,368</u>	<u>23,637</u>	<u>10,028</u>	<u>5,946</u>
<u>470,317</u>	<u>443,278</u>	<u>273,551</u>	<u>255,620</u>
67,595	50,605	67,595	61,048
16,039	3,909	7,180	3,909
(2,663)	18,056	(1,674)	8,957
32,360	3,863	-	-
-	-	-	-
463	3,881	-	12,596
62,938	38,620	1,218	3,814
9,309	19,268	-	-
9,833	5,411	-	-
8,990	27,635	81,752	65,688
25,208	25,889	8,736	9,775
15,010	14,652	39,147	34,944
4,455	2,512	1,080	1,052
18,006	13,642	-	-
9,180	1,644	8,748	2,918
8,779	7,326	6,982	6,644
27,797	21,014	27,468	11,898
18,776	33,472	4,400	2,251
-	-	-	-
7,546	8,225	3,996	3,454
<u>92,350</u>	<u>87,417</u>	<u>53,208</u>	<u>53,357</u>
<u>431,971</u>	<u>387,041</u>	<u>309,836</u>	<u>282,305</u>
<u>\$ 38,346</u>	<u>\$ 56,237</u>	<u>\$ (36,285)</u>	<u>\$ (26,685)</u>

TOWN OF SUNSET, LOUISIANA  
Sunset, Louisiana

Justice System Funding Schedule - Collecting/Disbursing Entity  
As Required by Act 87 of the 2020 Regular Legislative Session

Entity Name: Town of Sunset, Louisiana  
LLA Entity ID#: 2323  
Date that reporting period ended: 6/30/2022

	First Six Month Period Ended <u>12/31/2021</u>	Second Six Month Period Ended <u>6/30/2022</u>
<b>Cash Basis Presentation</b>		
<b>Beginning balance of amounts collected</b>	<u>\$ 94,973</u>	<u>\$ 60,901</u>
<b>Add: Collections</b>		
Bond fees	500	810
Criminal fines - other	<u>140,345</u>	<u>214,069</u>
<b>Subtotal Collections</b>	<u>140,845</u>	<u>214,879</u>
<b>Less Disbursements to Governments &amp; Nonprofits</b>		
Louisiana Association of Chiefs of Police/Cost	3,064	-
St. Landry Crime Stoppers, Inc./Cost	830	-
CMIS/Cost	2,604	-
Louisiana Supreme Court/Cost	591	-
Louisiana Commission on Law Enforcement/Fees and cost	1,708	-
Louisiana Department of Health Traumatic Head & Spinal Cord Injury Trust/Cost	3,410	-
Acadiana Criminalistics Laboratory Commission/Cost	19,670	-
<b>Less Amounts Retained by Collecting Agency</b>		
<b>Amount "self-disbursed" to collecting agency</b>		
Criminal fines/costs - other	143,040	214,984
<b>Less Disbursements to Individuals/3rd party collection or processing agencies:</b>		
Bond fee refunds	<u>-</u>	<u>-</u>
<b>Subtotal Disbursements/Retainage</b>	<u>174,917</u>	<u>214,984</u>
<b>Total: Ending Balance of Amounts Collected but not Disbursed/Retained</b>	<u>\$ 60,901</u>	<u>\$ 60,796</u>

**INTERNAL CONTROL,  
COMPLIANCE, AND  
OTHER MATTERS**

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## INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

The Honorable Charles James, Mayor  
and Members of the Board of Aldermen  
Town of Sunset, Louisiana

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Town of Sunset, Louisiana (Town), as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise the Town's basic financial statements and have issued our report thereon dated December 27, 2022.

### Report on Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Town's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Town's internal control. Accordingly, we do not express an opinion on the effectiveness of the Town's internal control.

*A deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. *A material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that have not been identified. We identified certain deficiencies in internal control, described in the accompanying summary schedule of current and prior year audit findings and management's corrective action plan as item number 2022-001, 2022-002, and 2022-003 that we consider to be material weaknesses.

## **Report on Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the Town's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which are described in the accompanying summary schedule of current and prior year audit findings and management's corrective action plan as items 2022-004, 2022-005, 2022-006, and 2022-007.

## **Town of Sunset, Louisiana's Response to Findings**

*Government Auditing Standards* requires the auditor to perform limited procedures on the Town's response to the findings identified in our audit and described in the accompanying summary schedule of current and prior year audit findings and management's corrective action plan. The Town's response was not subjected to the other auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the response.

## **Purpose of this Report**

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose. Although the intended use of this report may be limited, under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.

***Kolder, Slaven & Company, LLC***  
Certified Public Accountants

Lafayette, Louisiana  
December 27, 2022

TOWN OF SUNSET, LOUISIANA

Summary Schedule of Current and Prior Year Audit Findings  
and Management's Corrective Action Plan  
Year Ended June 30, 2022

Part 1. Current Year Findings and Management's Corrective Action Plan

A. Internal Control Findings -

**2022-001 Inadequate Segregation of Accounting Functions**

Fiscal year finding initially occurred: 2016

CRITERIA: AU-C§315.04, *Understanding the Entity and its Environment and assessing the Risks of Material Misstatement*, defines internal control as follows: "Internal control is a process, affected by those charged with governance, management, and other personnel, designed to provide reasonable assurance about the achievement of objectives with regard to reliability of financial reporting, effectiveness and efficiency of operations, and compliance with applicable laws and regulations."

CONDITION: The Town did not have adequate segregation of functions within the accounting system.

CAUSE: The cause of the condition is the fact that the Town does not have a sufficient number of individuals performing administrative and financial duties so as to provide adequate segregation of accounting and financial duties.

EFFECT: Failure to adequately segregate accounting and financial functions increases the risk that errors and/or irregularities including fraud and/or defalcations may occur and not be prevented and/or detected.

RECOMMENDATION: Management should evaluate the cost vs. benefit of complete segregation and whenever possible, reassign incompatible duties among different employees to ensure that a single employee does not have control of more than one of the following responsibilities: (1) authorization; (2) custody; (3) record keeping; and (4) reconciliation.

MANAGEMENT'S CORRECTION ACTION PLAN: Management has determined that it is not cost effective to achieve complete segregation of duties within the accounting department.

**2022-002 Reconciliation of Accounts**

Fiscal year finding initially occurred: 2016

CRITERIA: The Town should have a control policy according to which all balance sheet accounts are reconciled to supporting schedules and subsidiary ledgers on a monthly basis. Not reconciling detailed subsidiary ledgers and statements to the balances in the general ledger on a monthly basis is a fraud risk factor.

CONDITION: The Town did not have adequate procedures in place to reconcile balance sheet accounts to appropriate supporting documentation.



TOWN OF SUNSET, LOUISIANA

Summary Schedule of Current and Prior Year Audit Findings  
and Management's Corrective Action Plan (Continued)  
Year Ended June 30, 2022

CAUSE: The cause of the condition is the result of a failure to design or implement policies and procedures to achieve adequate internal control.

EFFECT: Errors or irregularities could be made in the recording of deposits, billings, payments, adjustments, or voided receipts without being detected in a timely manner.

RECOMMENDATION: The Town should establish policies and procedures to reconcile balance sheet accounts to appropriate supporting documentation on a monthly basis in order to identify and correct errors in a timely manner.

MANAGEMENT'S CORRECTION ACTION PLAN: Management will establish procedures to reconcile all balance sheet accounts.

**2022-003 Written Policies and Procedures**

Fiscal year finding initially occurred: 2022

CRITERIA: Formal written policies and procedures are necessary as a clear understanding of what should be done, how it should be done, who should do it, and when it should be done and ensure the procedures followed meet management's expectations. Written procedures aid in the continuity of operation and for cross-training staff.

CONDITION: The Town does not have written policies and procedures for budgeting, purchasing, disbursements, receipts/collections, payroll/personnel, contracting, use of credit cards, travel and expense reimbursements, ethics, debt service, capital asset management, and the safeguarding of traffic tickets.

CAUSE: The cause of the condition is the fact that the Town has not properly documented its policies and procedures.

EFFECT: Failure to adopt formal written policies and procedures increases the risk that improper use of Town assets or violations of policy may occur and not be identified.

RECOMMENDATION: Management should adopt formal written policies and procedures for budgeting, purchasing, disbursements, receipts/collections, payroll/personnel, contracting, use of credit cards, travel and expense reimbursements, ethics, debt service, capital asset management, and the safeguarding of traffic tickets.

MANAGEMENT'S CORRECTION ACTION PLAN: Management will review policies and procedures and will properly document procedures in place for budgeting, purchasing, disbursements, receipts/collections, payroll/personnel, contracting, use of credit cards, travel and expense reimbursements, ethics, debt service, capital asset management, and the safeguarding of traffic tickets.

TOWN OF SUNSET, LOUISIANA

Summary Schedule of Current and Prior Year Audit Findings  
and Management's Corrective Action Plan (Continued)  
Year Ended June 30, 2022

B. Compliance Findings -

**2022-004 Untimely Reporting of Theft**

Fiscal year finding initially occurred: 2022

CRITERIA: LA R.S. 24:523A states that an agency head of an auditee who has actual knowledge of or reasonable cause to believe that there has been misappropriation of public funds or assets of his agency shall immediately notify, in writing, the legislative auditor and the district attorney of the parish in which the agency is domiciled of such misappropriation.

CONDITION: During the year, a Town vehicle was stolen and subsequently totaled during a high-speed chase with law enforcement. Although a police report was filed and the perpetrator was apprehended, the Town failed to notify, in writing, the legislative auditor and the district attorney of the theft.

CAUSE: The cause of the condition is the is the fact that management misinterpreted the requirements of LA R.S. 24:523A.

EFFECT: Failure to notify the Legislative Auditor and District Attorney in writing of the theft violates LA R.S. 24:523A.

RECOMMENDATION: Management should immediately notify, in writing, the Legislative Auditor and the District Attorney when theft or misappropriation is identified.

MANAGEMENT'S CORRECTION ACTION PLAN: Management will timely notify, in writing, the Legislative Auditor and the District Attorney of any theft or misappropriations in the future.

**2022-005 Delinquent Fees Assessed by Retirement System**

Fiscal year finding initially occurred: 2022

CRITERIA: Monthly reports and retirement contributions are required to be submitted to the Municipal Employees' Retirement System of Louisiana by the 10<sup>th</sup> of the following month. Any payments not submitted by the due date are subject to delinquent fees and interest. According to LA R.S. 11:1733E delinquent payments, may, with interest at the system's actuarial valuation rate compounded annually, be recovered by action in a court of competent jurisdiction against the employer liable therefore or shall, upon due certification of delinquency and at the request of the board, be deducted from any other monies payable to such employer by any department or agency of the state.

CONDITION: During the year, the Town paid \$330 in delinquent fees and interest to the Municipal Employees' Retirement System of Louisiana for the late submission of monthly reports and contributions for the period August 2021 through December 2021.

TOWN OF SUNSET, LOUISIANA

Summary Schedule of Current and Prior Year Audit Findings  
and Management's Corrective Action Plan (Continued)  
Year Ended June 30, 2022

CAUSE: The Town did not submit monthly reports and retirement contributions due to an oversight.

EFFECT: The failure to pay retirement contributions timely could lead to delinquent fees and interest being assessed and increases the risk of court action being taken and amounts owed being deducted from any other monies due the Town from other departments of agencies of the State.

RECOMMENDATION: It is recommended that the Town submit reports and retirement contributions to the Municipal Employees' Retirement System monthly by the prescribed date.

MANAGEMENT'S CORRECTION ACTION PLAN: The Town will submit reports and retirement contributions to the Municipal Employees' Retirement System monthly by the prescribed due date.

**2022-006 Delinquent Filing and Payment of Sales Taxes**

Fiscal year finding initially occurred: 2022

CRITERIA: LA R.S. 47:301 provides for the collection of sales taxes from customers and requires tax returns be filed with the Louisiana Department of Revenue.

CONDITION: During the year, the Town was assessed penalties and interest totaling \$1,163 for the delinquent filing and payment of sales taxes.

CAUSE: The Town did not submit monthly reports and sales tax collection due to an oversight.

EFFECT: The failure to file and remit sales taxes timely could lead to delinquent fees and interest being assessed and increases the risk of court action being taken and amounts owed being deducted from any other monies due the Town from other departments of agencies of the State.

RECOMMENDATION: It is recommended that the Town submit reports and sales tax collections to the Louisiana Department of Revenue monthly by the prescribed due date.

MANAGEMENT'S CORRECTION ACTION PLAN: The Town will submit reports and sales tax collections to the Louisiana Department of Revenue by the prescribed due date.

**2022-007 Delinquent Filing and Payment of State Withholding Taxes**

Fiscal year finding initially occurred: 2022

CRITERIA: LA R.S. 47:112 and LA:47:114 provides for the withholding of state income taxes from wages and for the remittances of payroll tax returns and payment of withholding taxes to the Louisiana Department of Revenue.

TOWN OF SUNSET, LOUISIANA

Summary Schedule of Current and Prior Year Audit Findings  
and Management's Corrective Action Plan (Continued)  
Year Ended June 30, 2022

CONDITION: During the year, the Town was assessed penalties and interest totaling \$7,894 for the delinquent filing and payment of FY 2022 state withholding taxes.

CAUSE: The Town did not submit quarterly reports and state withholding taxes timely due to an oversight.

EFFECT: The failure to file and remit state withholding taxes timely could lead to delinquent fees and interest being assessed and increases the risk of court action being taken and amounts owed being deducted from any other monies due the Town from other departments of agencies of the State.

RECOMMENDATION: It is recommended that the Town submit reports and state withholding taxes to the Louisiana Department of Revenue by the prescribed due dates.

MANAGEMENT'S CORRECTION ACTION PLAN: The Town will submit reports and state withholding taxes to the Louisiana Department of Revenue by the prescribed due dates.

Part II. Prior Year Findings

A. Internal Control Findings -

**2021-001** Inadequate Segregation of Accounting Functions

CONDITION: The Town did not have adequate segregation of functions within the accounting system.

RECOMMENDATION: The Town should establish and monitor mitigating controls over functions that are not completely segregated.

CURRENT STATUS: Unresolved. See finding 2022-001.

**2021-002** Reconciliation of Accounts

CONDITION: The Town did not have adequate procedures in place to reconcile balance sheet accounts to appropriate supporting documentation.

RECOMMENDATION: The Town should establish policies and procedures to reconcile balance sheet accounts to appropriate supporting documentation on a monthly basis in order to identify errors in a timely manner.

CURRENT STATUS: Unresolved. See finding 2022-002.

B. Compliance Finding -

No findings reported under this section.

**TOWN OF SUNSET, LOUISIANA**  
**Statewide Agreed-Upon Procedures Report**  
**Year Ended June 30, 2022**

# KOLDER, SLAVEN & COMPANY, LLC

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## INDEPENDENT ACCOUNTANT'S REPORT ON APPLYING AGREED-UPON PROCEDURES

To the Board of Alderman of the  
Town of Sunset  
and the Louisiana Legislative Auditor

We have performed the procedures enumerated below on the control and compliance (C/C) areas identified in the Louisiana Legislative Auditor's (LLA's) Statewide Agreed-Upon Procedures (SAUPs) for the fiscal period July 1, 2021 through June 30, 2022. The Town of Sunset's management is responsible for those C/C areas identified in the SAUPs.

The Town of Sunset has agreed to and acknowledged that the procedures performed are appropriate to meet the intended purpose of the engagement, which is to perform specified procedures on the C/C areas identified in LLA's SAUPs for the fiscal period July 1, 2021 through June 30, 2022. Additionally, LLA has agreed to and acknowledged that the procedures performed are appropriate for its purposes. This report may not be suitable for any other purpose. The procedures performed may not address all the items of interest to a user of this report and may not meet the needs of all users of this report and, as such, users are responsible for determining whether the procedures performed are appropriate for their purposes.

The procedures and associated findings are as follows:

### *Written Policies and Procedures*

---

1. Obtain and inspect the entity's written policies and procedures and observe whether they address each of the following categories and subcategories if applicable to public funds and the entity's operations:

a) **Budgeting**, including preparing, adopting, monitoring, and amending the budget.

*Written policies and procedures were obtained and do not address the functions noted above.*

b) **Purchasing**, including (1) how purchases are initiated; (2) how vendors are added to the vendor list; (3) the preparation and approval process of purchase requisitions and purchase orders; (4) controls to ensure compliance with the Public Bid Law; and (5) documentation required to be maintained for all bids and price quotes.

*Written policies and procedures were obtained and do not address the functions noted above.*

c) **Disbursements**, including processing, reviewing, and approving.

*Written policies and procedures were obtained and do not address the functions noted above.*

- d) **Receipts/Collections**, including receiving, recording, and preparing deposits. Also, policies and procedures should include management's actions to determine the completeness of all collections for each type of revenue or agency fund additions (e.g., periodic confirmation with outside parties, reconciliation to utility billing after cutoff procedures, reconciliation of traffic ticket number sequences, agency fund forfeiture monies confirmation).

*Written policies and procedures were obtained and do not address the functions noted above.*

- e) **Payroll/Personnel**, including (1) payroll processing, (2) reviewing and approving time and attendance records, including leave and overtime worked, and (3) approval process for employee(s) rate of pay or approval and maintenance of pay rate schedules.

*Written policies and procedures were obtained and do not address the functions noted above.*

- f) **Contracting**, including (1) types of services requiring written contracts, (2) standard terms and conditions, (3) legal review, (4) approval process, and (5) monitoring process.

*Written policies and procedures were obtained and do not address the functions above.*

- g) **Credit Cards (and debit cards, fuel cards, P-Cards, if applicable)**, including (1) how cards are to be controlled, (2) allowable business uses, (3) documentation requirements, (4) required approvers of statements, and (5) monitoring card usage (e.g., determining the reasonableness of fuel card purchases).

*Written policies and procedures were obtained and do not address the functions noted above.*

- h) **Travel and Expense Reimbursement**, including (1) allowable expenses, (2) dollar thresholds by category of expense, (3) documentation requirements, and (4) required approvers.

*Written policies and procedures were obtained and do not address the functions noted above.*

- i) **Ethics**, including (1) the prohibitions as defined in Louisiana Revised Statute (R.S.) 42:1111-1121, (2) actions to be taken if an ethics violation takes place, (3) system to monitor possible ethics violations, and (4) a requirement that documentation is maintained to demonstrate that all employees and officials were notified of any changes to the entity's ethics policy.

*Written policies and procedures were obtained and do not address the functions noted above.*

- j) **Debt Service**, including (1) debt issuance approval, (2) continuing disclosure/EMMA reporting requirements, (3) debt reserve requirements, and (4) debt service requirements.

*Written policies and procedures were obtained and do not address the functions noted above.*

- k) **Information Technology Disaster Recovery/Business Continuity**, including (1) identification of critical data and frequency of data backups, (2) storage of backups in a separate physical location isolated from the network, (3) periodic testing/verification that backups can be restored, (4) use of antivirus software on all systems, (5) timely application of all available system and software patches/updates, and (6) identification of personnel, processes, and tools needed to recover operations after a critical event.

*Written policies and procedures were obtained and do not address the functions noted above.*

- l) **Sexual Harassment**, including R.S. 42:342-344 requirements for (1) agency responsibilities and prohibitions, (2) annual employee training, and (3) annual reporting.

*Written policies and procedures were obtained and do not address the functions noted above.*

### ***Board or Finance Committee***

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2. Obtain and inspect the board/finance committee minutes for the fiscal period, as well as the board's enabling legislation, charter, bylaws, or equivalent document in effect during the fiscal period, and:

- a) Observe that the board/finance committee met with a quorum at least monthly, or on a frequency in accordance with the board's enabling legislation, charter, bylaws, or other equivalent document.

*Obtained and reviewed minutes of the managing board for the fiscal period noting that the board met monthly.*

- b) For those entities reporting on the governmental accounting model, observe whether the minutes referenced or included monthly budget-to-actual comparisons on the general fund, quarterly budget-to-actual, at a minimum, on proprietary funds, and semi-annual budget-to-actual, at a minimum, on all special revenue funds.

*Observed that the monthly minutes did not reference or include monthly budget-to-actual comparisons on the general fund, quarterly budget-to-actual at a minimum on proprietary funds, and semi-annual budget-to-actual at a minimum on all special revenue funds.*

- c) For governmental entities, obtain the prior year audit report and observe the unassigned fund balance in the general fund. If the general fund had a negative ending unassigned fund balance in the prior year audit report, observe that the minutes for at least one meeting during the fiscal period referenced or included a formal plan to eliminate the negative unassigned fund balance in the general fund.

*Obtained the prior year audit report noting a positive ending unassigned fund balance in the general fund.*

### ***Bank Reconciliations***

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3. Obtain a listing of entity bank accounts for the fiscal period from management and management's representation that the listing is complete. Ask management to identify the entity's main operating account. Select the entity's main operating account and randomly select 4 additional accounts (or all accounts if less than 5). Randomly select one month from the fiscal period, obtain and inspect the corresponding bank statement and reconciliation for each selected account, and observe that:

*Obtained a listing of entity bank accounts for the fiscal period and management's representation that the listing is complete.*

- a) Bank reconciliations include evidence that they were prepared within 2 months of the related statement closing date (e.g., initialed and dated or electronically logged);

*Obtained and reviewed bank reconciliations noting that four of the bank reconciliations selected were not prepared within two months of the related statement closing date.*

- b) Bank reconciliations include evidence that a member of management/board member who does not handle cash, post ledgers, or issue checks has reviewed each bank reconciliation (e.g., initialed and dated, electronically logged); and

*Obtained and reviewed bank reconciliations noting that they did not include evidence of review by a member of management who does not handle cash, post ledgers, or issue checks.*



- c) Management has documentation reflecting it has researched reconciling items that have been outstanding for more than 12 months from the statement closing date, if applicable.

*Obtained and reviewed bank reconciliations noting that four of the bank reconciliations selected did not have documentation indicating management researched reconciling items that have been outstanding for more than twelve months from the statement closing date.*

#### ***Collections (excluding electronic funds transfers)***

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4. Obtain a listing of deposit sites for the fiscal period where deposits for cash/checks/money orders (cash) are prepared and management's representation that the listing is complete. Randomly select 5 deposit sites (or all deposit sites if less than 5).

*Obtained a listing of deposit sites for the fiscal period and management's representation that the listing is complete.*

5. For each deposit site selected, obtain a listing of collection locations and management's representation that the listing is complete. Randomly select one collection location for each deposit site (i.e., 5 collection locations for 5 deposit sites), obtain and inspect written policies and procedures relating to employee job duties (if no written policies or procedures, inquire of employees about their job duties) at each collection location, and observe that job duties are properly segregated at each collection location such that:

- a) Employees responsible for cash collections do not share cash drawers/registers.

*Observed that employees responsible for cash collections share the same cash drawers/registers.*

- b) Each employee responsible for collecting cash is not responsible for preparing/making bank deposits, unless another employee/official is responsible for reconciling collection documentation (e.g., pre-numbered receipts) to the deposit.

*Observed that employees responsible for collecting cash are not responsible for preparing/making bank deposits.*

- c) Each employee responsible for collecting cash is not responsible for posting collection entries to the general ledger or subsidiary ledgers, unless another employee/official is responsible for reconciling ledger postings to each other and to the deposit.

*Observed that employees responsible for collecting cash are not responsible for posting collection entries to the general ledger or subsidiary ledgers.*

- d) The employee(s) responsible for reconciling cash collections to the general ledger and/or subsidiary ledgers, by revenue source and/or agency fund additions, are not responsible for collecting cash, unless another employee/official verifies the reconciliation.

*Observed that employees responsible for reconciling cash collections to the general ledger or subsidiary ledgers are not responsible for collecting cash.*

6. Obtain from management a copy of the bond or insurance policy for theft covering all employees who have access to cash. Observe the bond or insurance policy for theft was enforced during the fiscal period.

*Obtained and reviewed a copy of the bond or insurance policy for theft covering all employees who have access to cash noting no exceptions.*

7. Randomly select two deposit dates for each of the 5 bank accounts selected for procedure #3 under “Bank Reconciliations” above (select the next deposit date chronologically if no deposits were made on the dates randomly selected and randomly select a deposit if multiple deposits are made on the same day). Obtain supporting documentation for each of the 10 deposits and:
  - a) Observe that receipts are sequentially pre-numbered.  
*No exceptions noted.*
  - b) Trace sequentially pre-numbered receipts, system reports, and other related collection documentation to the deposit slip.  
*No exceptions noted.*
  - c) Trace the deposit slip total to the actual deposit per the bank statement.  
*No exceptions noted.*
  - d) Observe the deposit was made within one business day of receipt at the collection location (within one week if the depository is more than 10 miles from the collection location or the deposit is less than \$100 and the cash is stored securely in a locked safe or drawer).  
*Observed that one of the deposits selected for testing was not made within one business day of receipt at the collection location.*
  - e) Trace the actual deposit per the bank statement to the general ledger.  
*No exceptions noted.*

***Non-Payroll Disbursements (excluding card purchases/payments, travel reimbursements, and petty cash purchases)***

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8. Obtain a listing of locations that process payments for the fiscal period and management’s representation that the listing is complete. Randomly select 5 locations (or all locations if less than 5).  
*Obtained a listing of locations that process payments for the fiscal period and management’s representation that the listing is complete.*
9. For each location selected under #8 above, obtain a listing of those employees involved with non-payroll purchasing and payment functions. Obtain written policies and procedures relating to employee job duties (if the agency has no written policies and procedures, inquire of employees about their job duties), and observe that job duties are properly segregated such that:
  - a) At least two employees are involved in initiating a purchase request, approving a purchase, and placing an order/making the purchase.  
*Observed that only one employee is involved in initiating a purchase request, approving a purchase, and placing an order/making the purchase.*
  - b) At least two employees are involved in processing and approving payments to vendors.  
*Observed that only one employee is involved in processing and approving payments to vendors.*
  - c) The employee responsible for processing payments is prohibited from adding/modifying vendor files, unless another employee is responsible for periodically reviewing changes to vendor files.  
*Observed that the employee responsible for processing payments is not prohibited from adding/modifying vendor files.*

- d) Either the employee/official responsible for signing checks mails the payment or gives the signed checks to an employee to mail who is not responsible for processing payments.

*Observed that the employees responsible for processing payments is also responsible for signing checks and mailing the signed checks.*

- 10. For each location selected under #8 above, obtain the entity's non-payroll disbursement transaction population (excluding cards and travel reimbursements) and obtain management's representation that the population is complete. Randomly select 5 disbursements for each location, obtain supporting documentation for each transaction, and:

- a) Observe whether the disbursement matched the related original itemized invoice and supporting documentation indicates deliverables included on the invoice were received by the entity.

*Observed that the disbursement matched the related original itemized invoice and supporting documentation indicates deliverables were received by the entity.*

- b) Observe whether the disbursement documentation included evidence (e.g., initial/date, electronic logging) of segregation of duties tested under #9, as applicable.

*Observed that the disbursement documentation did not include evidence of segregation of duties.*

#### ***Credit Cards/Debit Cards/Fuel Cards/P-Cards***

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- 11. Obtain from management a listing of all active credit cards, bank debit cards, fuel cards, and P-cards (cards) for the fiscal period, including the card numbers and the names of the persons who maintained possession of the cards. Obtain management's representation that the listing is complete.

*Obtained a listing of all active credit cards, bank debit cards, fuel cards, and P-cards for the fiscal period and management's representation that the listing is complete.*

- 12. Using the listing prepared by management, randomly select 5 cards (or all cards if less than 5) that were used during the fiscal period. Randomly select one monthly statement or combined statement for each card (for a debit card, randomly select one monthly bank statement), obtain supporting documentation, and:

- a) Observe whether there is evidence that the monthly statement or combined statement and supporting documentation (e.g., original receipts for credit/debit card purchases, exception reports for excessive fuel card usage) were reviewed and approved, in writing (or electronically approved), by someone other than the authorized card holder. [Note: Requiring such approval may constrain the legal authority of certain public officials (e.g., mayor of a Lawrason Act municipality); these instances should not be reported.]

*Observed that the monthly statements selected and supporting documentation were not reviewed and approved, in writing, by someone other than the card holder.*

- b) Observe that finance charges and late fees were not assessed on the selected statements.

*Observed that late fees were assessed on one of the selected statements.*

- 13. Using the monthly statements or combined statements selected under #12 above, excluding fuel cards, randomly select 10 transactions (or all transactions if less than 10) from each statement, and obtain supporting documentation for the transactions (i.e., each card should have 10 transactions subject to testing). For each transaction, observe it is supported by (1) an original itemized receipt that identifies precisely what was purchased, (2) written documentation of the business/public purpose, and (3) documentation of the individuals participating in meals (for meal charges only). For missing receipts, the practitioner should describe the nature of the transaction and note whether management had a compensating control to address missing receipts, such as a "missing receipt statement" that is subject to increased scrutiny.

*Observed that several of the transactions selected for testing were not supported by an original itemized receipt that identifies precisely what was purchased. These items also did not include written documentation of the business/public purpose, nor did they include documentation of individuals participating in meals.*

### **Travel and Travel-Related Expense Reimbursements (excluding card transactions)**

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14. Obtain from management a listing of all travel and travel-related expense reimbursements during the fiscal period and management's representation that the listing or general ledger is complete. Randomly select 5 reimbursements, obtain the related expense reimbursement forms/prepaid expense documentation of each selected reimbursement, as well as the supporting documentation. For each of the 5 reimbursements selected:

*Obtained a listing of all travel and travel-related expense reimbursements during the fiscal period and management's representation that the listing is complete.*

- a) If reimbursed using a per diem, observe the approved reimbursement rate is no more than those rates established either by the State of Louisiana or the U.S. General Services Administration ([www.gsa.gov](http://www.gsa.gov)).

*No exceptions noted.*

- b) If reimbursed using actual costs, observe the reimbursement is supported by an original itemized receipt that identifies precisely what was purchased.

*No exceptions noted.*

- c) Observe each reimbursement is supported by documentation of the business/public purpose (for meal charges, observe that the documentation includes the names of those individuals participating) and other documentation required by written policy (procedure #1h).

*Observed that the reimbursements selected were supported by documentation of the business/public purpose.*

- d) Observe each reimbursement was reviewed and approved, in writing, by someone other than the person receiving reimbursement.

*Observed that two of the reimbursements selected were reviewed and approved, in writing, by someone other than the person receiving reimbursement.*

### **Contracts**

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15. Obtain from management a listing of all agreements/contracts for professional services, materials and supplies, leases, and construction activities that were initiated or renewed during the fiscal period. *Alternately, the practitioner may use an equivalent selection source, such as an active vendor list.* Obtain management's representation that the listing is complete. Randomly select 5 contracts (or all contracts if less than 5) from the listing, excluding the practitioner's contract, and:

*Obtained a listing of all agreements/contracts for professional services, materials and supplies, leases, and construction activities that were initiated or renewed during the fiscal period and management's representation that the listing is complete.*

- a) Observe whether the contract was bid in accordance with the Louisiana Public Bid Law (e.g., solicited quotes or bids, advertised), if required by law.

*Not applicable.*

- b) Observe whether the contract was approved by the governing body/board, if required by policy or law (e.g., Lawrason Act, Home Rule Charter).

*No exceptions noted.*

- c) If the contract was amended (e.g., change order), observe the original contract terms provided for such an amendment and that amendments were made in compliance with the contract terms (e.g., if approval is required for any amendment, was approval documented).

*Not applicable.*

- d) Randomly select one payment from the fiscal period for each of the 5 contracts, obtain the supporting invoice, agree the invoice to the contract terms, and observe the invoice and related payment agreed to the terms and conditions of the contract.

*No exceptions noted.*

### ***Payroll and Personnel***

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- 16. Obtain a listing of employees and officials employed during the fiscal period and management's representation that the listing is complete. Randomly select 5 employees or officials, obtain related paid salaries and personnel files, and agree paid salaries to authorized salaries/pay rates in the personnel files.

*Obtained a listing of employees and officials employed during the fiscal period and management's representation that the listing is complete.*

- 17. Randomly select one pay period during the fiscal period. For the 5 employees or officials selected under #16 above, obtain attendance records and leave documentation for the pay period, and:

- a) Observe all selected employees or officials documented their daily attendance and leave (e.g., vacation, sick, compensatory).

*Observed that the employees or officials selected documented their daily attendance and leave noting no exceptions.*

- b) Observe whether supervisors approved the attendance and leave of the selected employees or officials.

*Observed that supervisors approved the attendance and leave of the employees or officials selected noting no exceptions.*

- c) Observe any leave accrued or taken during the pay period is reflected in the entity's cumulative leave records.

*Observed that any leave accrued or taken during the pay period selected is reflected in the entity's cumulative leave records.*

- d) Observe the rate paid to the employees or officials agree to the authorized salary/pay rate found within the personnel file.

*Observed that the rate paid to the employees or officials selected for testing agrees to the authorized salary/pay rate found within the personnel file.*

18. Obtain a listing of those employees or officials that received termination payments during the fiscal period and management's representation that the list is complete. Randomly select two employees or officials, obtain related documentation of the hours and pay rates used in management's termination payment calculations and the entity's policy on termination payments. Agree the hours to the employee or officials' cumulative leave records, agree the pay rates to the employee or officials' authorized pay rates in the employee or officials' personnel files, and agree the termination payment to entity policy.

*Obtained a listing of those employees or officials that received termination payments during the fiscal period and management's representation that the listing is complete.*

19. Obtain management's representation that employer and employee portions of third-party payroll related amounts (e.g., payroll taxes, retirement contributions, health insurance premiums, garnishments, workers' compensation premiums, etc.) have been paid, and any associated forms have been filed, by required deadlines.

*Per discussion held with management, it was noted that the Town did not submit monthly reports and retirement contributions by the required deadlines. It was also noted that the Town did not submit quarterly reports and state withholding taxes timely due to an oversight.*

### ***Ethics***

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20. Using the 5 randomly selected employees/officials from procedure #16 under "Payroll and Personnel" above obtain ethics documentation from management, and:

- a. Observe whether the documentation demonstrates each employee/official completed one hour of ethics training during the fiscal period.

*Observed that three out of the five employee/officials selected for testing did not complete one hour of ethics training during the fiscal period.*

- b. Observe whether the entity maintains documentation which demonstrates each employee and official were notified of any changes to the entity's ethics policy during the fiscal period, as applicable.

*Observed that the entity does not have an ethics policy.*

### ***Debt Service***

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21. Obtain a listing of bonds/notes and other debt instruments issued during the fiscal period and management's representation that the listing is complete. Select all debt instruments on the listing, obtain supporting documentation, and observe State Bond Commission approval was obtained for each debt instrument issued.

*Per conversation with management, there were no bonds/notes and other debt instruments issued during the fiscal period.*

22. Obtain a listing of bonds/notes outstanding at the end of the fiscal period and management's representation that the listing is complete. Randomly select one bond/note, inspect debt covenants, obtain supporting documentation for the reserve balance and payments, and agree actual reserve balances and payments to those required by debt covenants (including contingency funds, short-lived asset funds, or other funds required by the debt covenants).

*Obtained a listing of bonds/notes outstanding at the end of the fiscal period and management's representation that the listing is complete.*

### ***Fraud Notice***

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23. Obtain a listing of misappropriations of public funds and assets during the fiscal period and management's representation that the listing is complete. Select all misappropriations on the listing, obtain supporting documentation, and observe that the entity reported the misappropriation(s) to the legislative auditor and the district attorney of the parish in which the entity is domiciled.

*Per discussion with management, there were misappropriations of assets during the fiscal period that were not reported to the Legislative Auditor and District Attorney of the parish in which the entity is domiciled.*

24. Observe the entity has posted on its premises and website, the notice required by R.S. 24:523.1 concerning the reporting of misappropriation, fraud, waste, or abuse of public funds.

*Observed the entity has the notice required by R.S. 24:523.1 concerning the reporting of misappropriation, fraud, waste, or abuse of public funds posted on their premises and website.*

### ***Information Technology Disaster Recovery/Business Continuity***

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25. Perform the following procedures:

- a) Obtain and inspect the entity's most recent documentation that it has backed up its critical data (if no written documentation, inquire of personnel responsible for backing up critical data) and observe that such backup occurred within the past week. If backups are stored on a physical medium (e.g., tapes, CDs), observe evidence that backups are encrypted before being transported.

*We performed the procedure and discussed the results with management.*

- b) Obtain and inspect the entity's most recent documentation that it has tested/verified that its backups can be restored (if no written documentation, inquire of personnel responsible for testing/verifying backup restoration) and observe evidence that the test/verification was successfully performed within the past 3 months.

*We performed the procedure and discussed the results with management.*

- c) Obtain a listing of the entity's computers currently in use and their related locations, and management's representation that the listing is complete. Randomly select 5 computers and observe while management demonstrates that the selected computers have current and active antivirus software and that the operating system and accounting system software in use are currently supported by the vendor.

*We performed the procedure and discussed the results with management.*

### ***Sexual Harassment***

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26. Using the 5 randomly selected employees/officials from procedure #16 under "Payroll and Personnel" above, obtain sexual harassment training documentation from management, and observe the documentation demonstrates each employee/official completed at least one hour of sexual harassment training during the calendar year.

*Observed supporting documentation that demonstrated each employee/official selected completed at least one hour of sexual harassment training during the calendar year.*

27. Observe the entity has posted its sexual harassment policy and complaint procedure on its website (or in a conspicuous location on the entity's premises if the entity does not have a website).

*Observed that the entity does not have a sexual harassment policy.*

28. Obtain the entity's annual sexual harassment report for the current fiscal period, observe that the report was dated on or before February 1, and observe it includes the applicable requirements of R.S. 42:344:

- a) Number and percentage of public servants in the agency who have completed the training requirements;
- b) Number of sexual harassment complaints received by the agency;
- c) Number of complaints which resulted in a finding that sexual harassment occurred;
- d) Number of complaints in which the finding of sexual harassment resulted in discipline or corrective action; and
- e) Amount of time it took to resolve each complaint.

*No exceptions noted.*

### ***Management's Response***

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Management of the Town of Sunset concurs with the exceptions and are working to address the deficiencies identified.

We were engaged by the Town of Sunset to perform this agreed-upon procedures engagement and conducted our engagement in accordance with attestation standards established by the American Institute of Certified Public Accountants and applicable standards of Government Auditing Standards. We were not engaged to and did not conduct an examination or review engagement, the objective of which would be the expression of an opinion or conclusion, respectively, on those C/C areas identified in the SAUPs. Accordingly, we do not express such an opinion or conclusion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

We are required to be independent of the Town of Sunset and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements related to our agreed-upon procedures engagement.

This report is intended solely to describe the scope of testing performed on those C/C areas identified in the SAUPs, and the result of that testing, and not to provide an opinion on control or compliance. Accordingly, this report is not suitable for any other purpose. Under Louisiana Revised Statute 24:513, this report is distributed by the LLA as a public document.

***Kolder, Slaven & Company, LLC***  
Certified Public Accountants

Ville Platte, Louisiana  
December 27, 2022